



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

**TOWN COUNCIL OF ONGWEDIVA**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

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**REPUBLIC OF NAMIBIA**



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Town Council of Ongwediva for the financial year ended 30 June 2023, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act No. 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, July 2024**

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
THE TOWN COUNCIL OF ONGWEDIVA  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

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## **1. QUALIFIED AUDIT OPINION**

I have audited the financial statements of the Town Council of Ongwediva for the financial years ended 30 June 2023. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the years then ended, summary of significant accounting policies and notes to the financial statements.

In my opinion, except for the effects of the matters described in the basis for qualified audit opinion paragraph, the financial statements present fairly in all material respects, the financial position of Ongwediva Town Council as at 30 June 2023, their financial performance, and cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSAS).

## **2. BASIS FOR QUALIFIED AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

A qualified audit opinion is being expressed due to the following reasons:

### **2.1 Provision for Dump Site**

Auditors observed that the Council did not make provision for a dumping site for its rehabilitation and restoration after its useful life, in accordance to IPSAS 19, paragraph 27.

*This IPSAS's states: "It is only those obligations arising from past events existing independently of an entity's future actions (that is, the future conduct of its activities) that are recognized as provisions. Examples of such obligations are penalties or clean-up costs for unlawful environmental damage imposed by legislation on a public sector entity. Both of these obligations would lead to an outflow of resources embodying economic benefits or service potential in settlement regardless of the future actions of that public sector entity. Similarly, a public sector entity would recognize a provision for the decommissioning costs of a defense installation or a government-owned nuclear power station, to the extent that the public sector entity is obliged to rectify damage already caused."*

*IPSAS 17, Property, plant, and equipment, deals with items, including dismantling and site restoring costs, those are included in the cost of an asset. In contrast, because of legal requirements, pressure from constituents or a desire to demonstrate community leadership, an entity may intend or need to carry out expenditure to operate in a particular way in the future. An*

*example would be where a public sector entity decides to fit emission controls on certain of its vehicles, or a government laboratory decides to install extraction units to protect employees from the fumes of certain chemicals. Because the entities can avoid the future expenditure by their future actions – for example, by changing their method of operation – they have no present obligation for that future expenditure, and no provision is recognized.”*

It is recommended that the Council should ensure compliance with the IPSAS standards.

### **3. KEY AUDIT MATTERS**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming an audit opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

### **4. OTHER INFORMATION**

Management is responsible for the other information. The auditor's opinion on the financial statements does not cover the other information and, accordingly, the auditor does not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

### **5. AUDIT OF KEY PERFORMANCE INDICATORS (KPIs)**

The following documents were not submitted for audit purpose.

Annual Performance reviews;

Departmental Performance reviews;

Departmental Plans; and

Performance Agreements.

Non implementation of strategic plan through annual reports, divisional reports and performance review on individual basis has not been done for the year under review. Therefore auditors were unable to verify and confirm the key performance indicators as per the strategic plan.

### **6. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

## **7. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention to it in the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the audit opinion. My conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

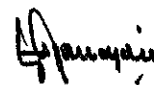
## **8. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The financial statements for the financial year ended 30 June 2023 were submitted by the Accounting Officer to the Auditor-General in compliance with Section 85 of the Local Authorities Act, 1992 (Act No. 23 of 1992).

## **9. ACKNOWLEDGEMENT**

The co-operation and assistance by the management and staff of Ongwediva Town Council during the audit is appreciated.

**WINDHOEK, July 2024**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**KEY COUNCIL INFORMATION AND MANAGEMENT**

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**Promulgation of Council**

Ongwediva was promulgated as a town in 1992 as per Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

**Nature of business and principal activities**

Ongwediva Town Council is a local authority whose nature of business and principal activities is to provide municipal services in terms of Section 30 of the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended.

**Councillors**

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Hon. Taarah Shalyefu	Mayor	Namibian
Hon. Ulalia Katonyala	Deputy Mayor	Namibian
Hon. Fabiam George	Chairperson of Management Committee	Namibian
Hon. Naemi Amuthenu	Member of Management Committee	Namibian
Hon. Jona Helao	Member of Management Committee	Namibian
Hon. Kaarina Shikongo	Member of Council	Namibian
Hon. Otilie Haitota	Member of Council	Namibian

There were no changes in office bearers during the year under review.

**Executive and senior management cadres**

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Mr. Damian E. Egumbo	Chief Executive officer (CEO)	Namibian
Ms. Rebekka N. Hidulika	Senior Manager: Economic Development & Community Services	Namibian
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services	Namibian
Mr. Immanuel Nakale	Senior Manager: Finance & Human Resources Administration	Namibian

There were no changes in the management cadres during the year under review.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**KEY COUNCIL INFORMATION AND MANAGEMENT (continued)**

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**Registered office:**

Erf 4386  
Corner of Dr. Libertine Amadhila Street and Mandume Ndemufayo Road  
Ongwediva  
Namibia

**Postal Address:**

Private Bag 5549  
Ongwediva  
Namibia

**Contact details:**

Telephone: + 264 65 233 700  
Fax: +264 65 230 521  
Website: [www.ongwediva.com](http://www.ongwediva.com)

**Bankers:**

Nedbank Namibia Limited  
Standard Bank Namibia Limited  
Bank Windhoek Namibia Limited  
First National Bank Namibia Limited

**Auditors:**

Auditor-General of Namibia

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**MAYOR'S REPORT**

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**1. Introduction**

The Namibian economy is expected to grow by 3.5% in 2023 and 3% in 2024 buoyant on the continued economic recovery, particularly diamond and export and increased consumption in the wholesale and retail trade and tourism. Globally, the economic growth is projected to fall from an estimated 3.5% in 2022 to 3% in both 2023 and 2024 which is much weaker by historical standards.

Expectedly, the allocation of government subsidies as per Medium Term Expenditure Framework for Ongwediva Town Council went down from N\$ 2 million in 2022 to N\$ 483 000 for the year under review.

The Council's debtors' book balance has grown from N\$ 62.7 million in 2022 to N\$ 68.5 million in 2023. This a clear indication that our clients are really struggling to keep their municipal accounts up to date. Therefore, the Council continues adopting and implementing strategic structural and fiscal adjustments as means to mitigate the impact of the economic downturn and thus stays afloat in the meantime.

**2. Achievements**

Notwithstanding of the economic downturn, the year under review had its notable share of successes of which some of the major highlights are:

- Acquiring of a tipper truck for skip containers;
- Continued construction of the Sports Field Stadium at Extension 17;
- Construction of sewer reticulation networks at Extension 15 and Sky Phase 1;
- Construction of storm water channels at Extension 11 Phase 1;
- ; Construction of water reticulation networks at Mandume Settlement;
- Construction of water reticulation networks at Okandjengedi Settlement;
- Construction of the road between Oshana Regional Mall and David Shikomba Complex Phase 1;
- Planning, survey and subdivision of land at new extensions;
- Continued maintenance of the municipal infrastructure;
- Compensation of crop field owners;
- Keeping payments up to date for all Council's major service providers;
- Upholding Corporate Governance Principles;
- Provision of effective and efficient municipal services;
- Promotion of social and equitable economic development;
- Assurance of municipal service sustainability and financial viability;
- Creation of a safe and healthy environment; and
- Land delivery – allocation of land for residential and business development.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**MAYOR'S REPORT (continued)**

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**3. Challenges**

Undoubtedly, successes could not be achieved without going through some pertinent challenges. Some of the major challenges faced the Council during the year under review were:

- Accumulation of and sharp rise in trade debtors book balance due to socio-economic ills including but not limited to the outbreak of Severe Acute Respiratory Syndrome Corona Virus (SARS-CoV-2);
- The throttling threat of looming economic crises due to the outbreak of SARS-CoV-2 and Russia-Ukraine war;
- The self-created perception of “free” water consumption in the mind of some residents or clients;
- Lack of resources to implement all planned capital projects and operational activities;
- Non-implementation of some projects and operational activities due to non-compliance to procurement requirements by bidders in terms of the Public Procurement Act no 15 of 2015;
- Part-time administrative personnel to the public Procurement Management Unit (PMU); and
- Low rate of private investment in infrastructure development projects.

**4. Effects of the economy on operations**

With Namibia's unemployment figure expected to increase by 23% by the end of 2023 according to Trading Economic global macro model and analysts' expectations, customers' ability of settling their municipal bills regularly is heavily affected. The Council's operations were not spared such economic wrath. Specifically, the Council's debtor's book balance increased from N\$ 62.7 million in 2022 to N\$ 68.5 million in 2023. Needless to mention, the spin off effect affected the Council's ability to implement all its planned programmes and activities.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**MAYOR'S REPORT (continued)**

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**5. Acknowledgments and conclusion**

In conclusion, allow me to commend on the Council's sound spending and expenditure patterns particularly during these difficulty times that resulted in cost savings of about 9%. In the same vein, I am pleased to note that our rate of implementation of revenue generation exceeded 100%. I believe there is a room for improvement in terms of synchronization of our programme plans with quarterly targets by using limited resources at our disposal effectively and efficiently.

I would fail in my duties if I do not acknowledge the immense contribution by the management team and the entire employee fraternity of the Council. Human capital is one of indispensable assets without which the Council would not be able to exit. Machinery and equipment require the human brain to function properly and this human brain is our people, employees. On behalf of the Council, let me acknowledge and appreciate contributions made by the Council's competent team in rendering services to our people.

I would like to thank our line Ministry under Honourable Minister Erastus Utoni, Member of Parliament, for his invaluable advice and assistance to the Council. As a custodian Minister, Honourable Utoni always advises the Council to find amicable solutions to pertinent issues facing the Council. His open-door policy is highly commendable.

To all our stakeholders without whom the Council would not be able to fulfil its mandate, I wish to thank them sincerely.

Last but not least, to my fellow Councilors, I wholeheartedly acknowledge the team work we had during the year under review as it was the case in the past. May the comradeship spirit continue to guide us all to greater heights in finding solutions to peculiar challenges facing us on rendering services to our people.

I thank you.

**Councillor Taarah Shalyefu**  
**Mayor**

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**ACCOUNTING OFFICER'S REPORT**

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The Accounting Officer has pleasure to submit his report on the financial statements of Ongwediva Town Council.

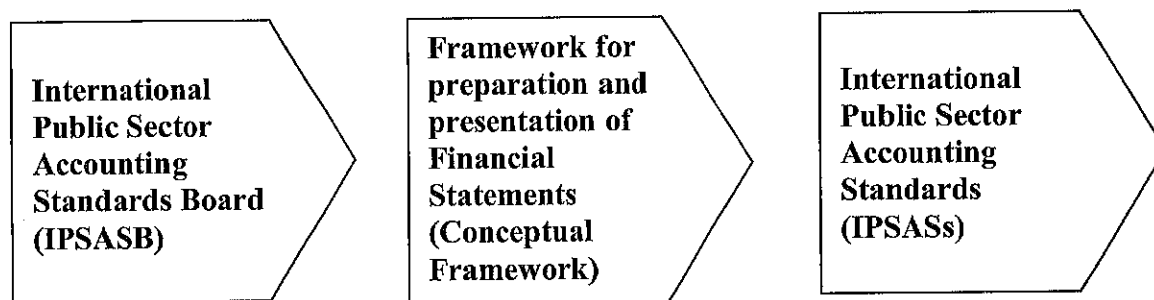
**1. Main business**

Ongwediva Town Council's mandate is to provides municipal services in terms of Section 30 of the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended.

**2. Financial Reporting framework**

The annual financial statements have been prepared in accordance with the Accrual Basis of Accounting based on International Public Sector Accounting Standards (IPSASs) which were adopted and implemented for the first time (IPSAS 33) on 1 July 2018. Stated differently, Council is in the third year of implementing transitional IPSAS financial statements. IPSASs have been adopted by the Council to assist in fulfilling the government's duty to be publicly accountable through transparent measurement and disclosure of transactions that would result in fair presentation of the financial position, financial performance and cash flows of the Council.

IPSASs are based on the following conceptual framework:



**Figure 1: IPSAS conceptual framework**

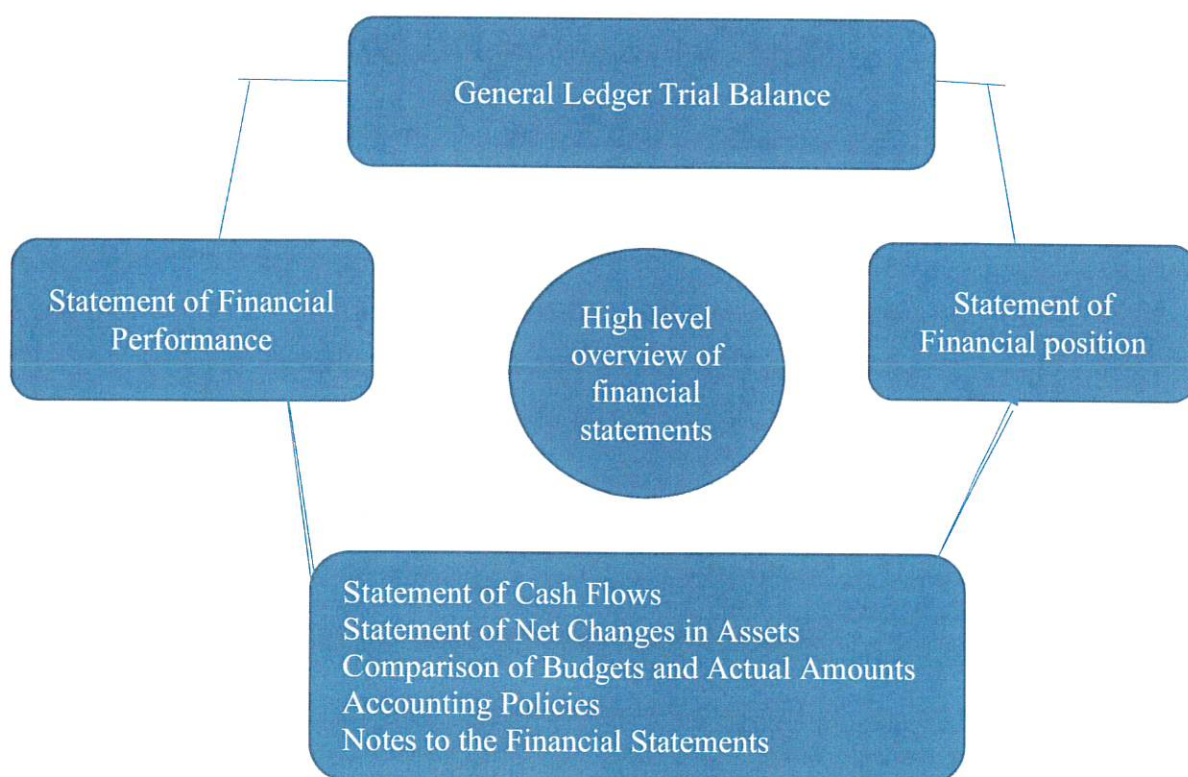
IPSASs ensure that the financial information is useful through understandability, relevance, faithful representation, timeliness, comparability and verifiability of such information.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**ACCOUNTING OFFICER'S REPORT (continued)**

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**2. Financial Reporting framework (continued)**

Through IPSAS implementation, a high level of elements of financial statements is presented as follows:



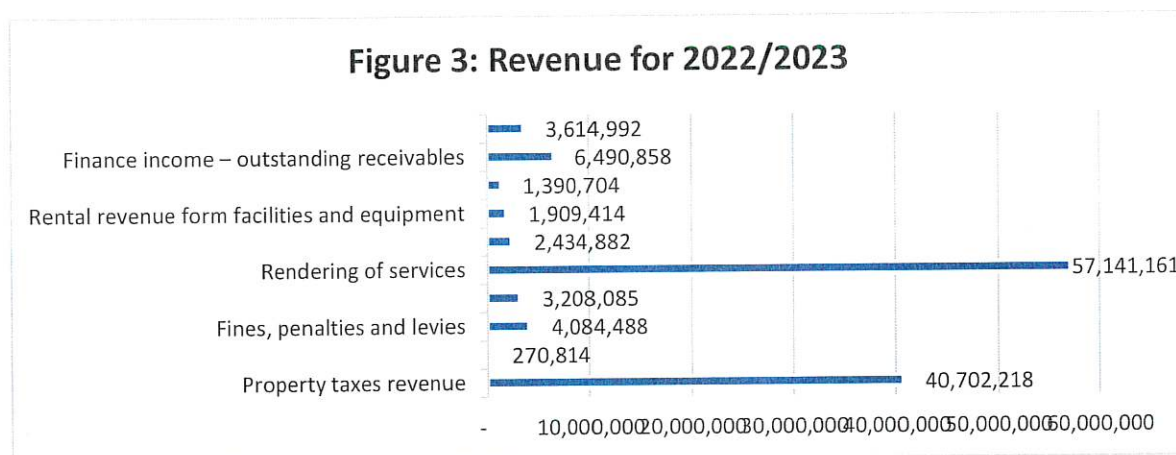
**Figure 2: High level overview of financial statements**

Accordingly, the financial statements have been prepared in accordance with the provisions set out in the State Finance Act, 1991 (Act No. 31 of 1991) and the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended. The accounting policies have been applied consistently compared to the prior year.

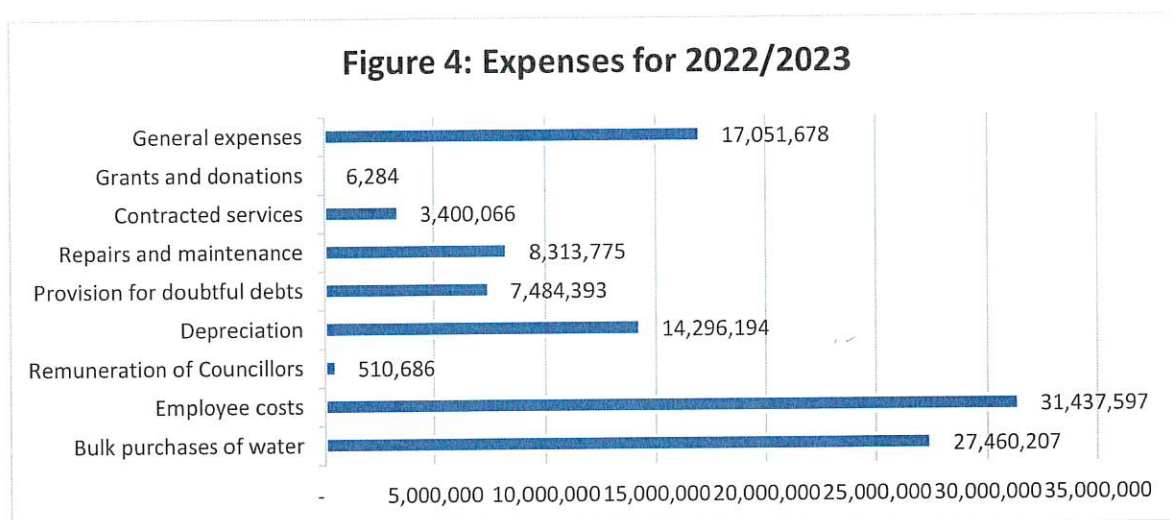
**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**ACCOUNTING OFFICER'S REPORT (continued)**

**3. Financial performance**

As depicted on Figure 3 below, the Council's total revenue grew from N\$ 119.0 million in 2021/2022 to N\$ 121.2 million in 2022/2023 representing a growth of 1.9%.



As depicted on Figure 4 below, the Council's total operational expenses recorded a small growth of about 3.5% from N\$ 106.6 million in 2021/2022 to N\$ 110.7 million in 2022/2023.



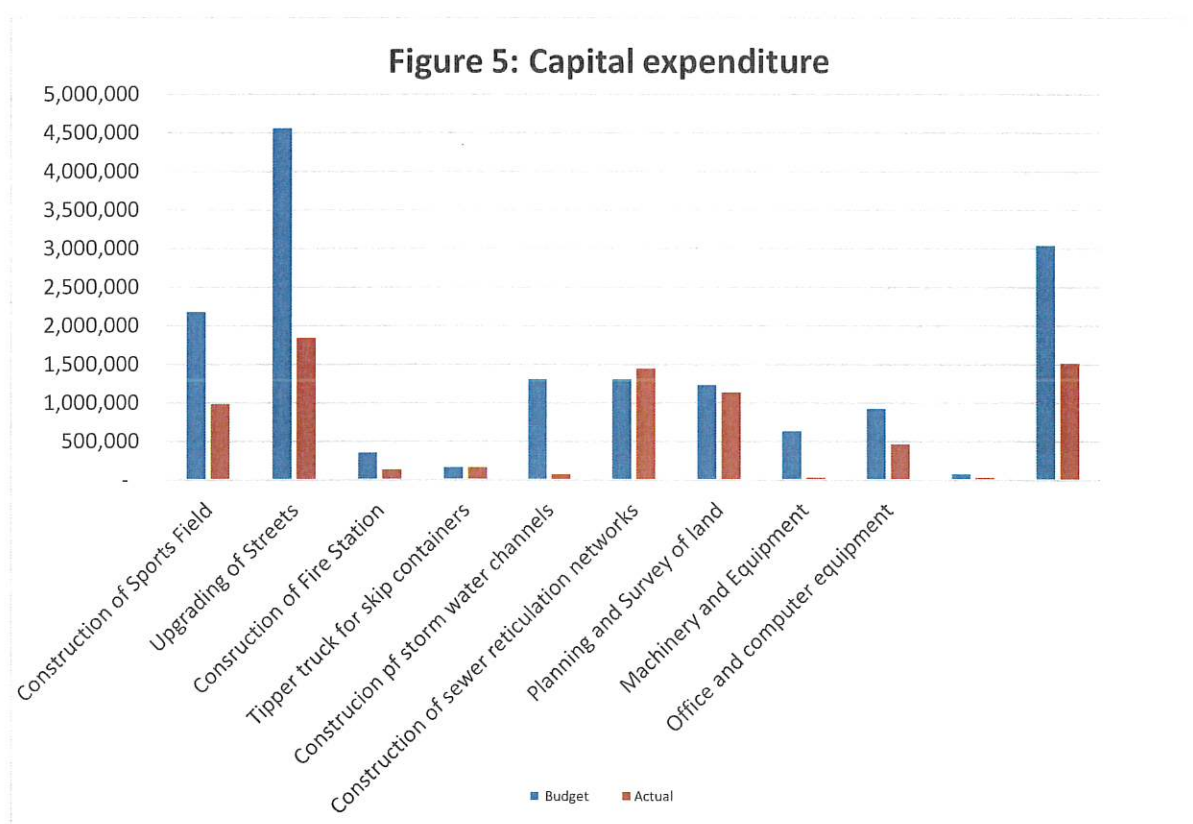
The Council's surplus for the year under review amounted to N\$ 10.5 million (2022: N\$ 12 million) representing a decrease of 12.4% whereas it's accumulated surplus decreased by 1.4% from N\$ 246.4 million in 2021/2022 to N\$ 242.9 million in 2022/2023. The marginal decrease in the accumulated surplus came about as a result of negative prior adjustments amounting to N\$ 14.1 million.



**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**ACCOUNTING OFFICER'S REPORT (continued)**

**3. Financial performance (continued)**

The rate of implementation of capital projects is 47% (2022: 95%) translating into N\$ 7.8 million (2022: N\$ 27.7 million), as depicted on figure 5 below:



**5. Distribution and purchase of water**

The Council's distribution loss in units sold amounted to 8% (2022: 6.7%) whereas its distribution surplus in monetary terms amounted to 53.05% (2022: 60.04%) as shown in table 1 below:

Details	Cubic meters		Amount (N\$)	
	2022/2023	2021/2022	2022/2023	2021/2022
Water purchased	1 368 734	1 287 779	27 460 207	25 442 536
Water sold	1 259 402	1 201 480	42 028 143	40 717 570
<b>Distribution (loss)/surplus</b>	<b>(109 332)</b>	<b>(86 299)</b>	<b>14 567 937</b>	<b>15 275 034</b>
Distribution (loss)/surplus %	(8%)	(6.70%)	53.05%	60.04%

**Table 1: Water distribution**

**TOWN COUNCIL OF ONGWEDIVA  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023  
ACCOUNTING OFFICER'S REPORT (continued)**

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**6. Fruitless, unauthorized or avoidable expenditure**

No fruitless, unauthorized or avoidable expenditure was incurred during the year under review.

**7. Revenue written off**

There was no revenue written off.

**8. Suspense accounts**

These accounts are properly maintained, controlled and reconciled on a regular basis.

**9. Irregularities and losses**

No irregularities and losses took place during the year under review.

**10. Bursaries**

No bursaries were granted during the year under review.

**11. Contributions, grants and financial aid**

No contributions, grants or financial aid were granted during the financial year under review.

**12. Visits to foreign countries**

No foreign trip was undertaken during the financial year under review

**13. Claims against the local authority**

No claims against the Council took place during the financial year under review.

**14. Transfer of property to government**

No transfer of property to government took place during the year under review.

**15. External loans**

There were no external loans.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2023**  
**ACCOUNTING OFFICER'S REPORT (continued)**

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**16. Sale of erven**

During the financial year under review, cash proceeds to the value of N\$ 2 430 265 (2022: N\$ 872 498) were recognized as erven sold and were fully allocated to sale of erven account as reflected in note 19. A total amount of N\$ 635 315 (2022: N\$ 393 548) is excluded from the sale of erven and is shown as a refundable deposit as reflected in note 10. Moreover, amounts of N\$ 12 370 (2022: N\$ 229 146) not fully paid in previous years were fully paid during the year under review and were included in the cash proceeds of N\$ 2 430 265 (2022: N\$ 872 498).

**17. Tariff adjustments**

There were no tariff adjustments during the year under review and the Council's tariff structure was duly approved and promulgated in the Government Gazette no7870, general notice no. 380, dated August 01, 2022.

**18. Budget approval**

The budget was duly approved by the Minister on November 04, 2022 (Refer to the ministerial letter with reference 14/1/1/O11).

**19. Special investigations**

No special investigations were carried out during the year under review.

**20. HIV / AIDS**

The Council has Sam Nujoma Multi-Purpose Centre as its social arm. The Centre has an HIV and AIDS programme focusing on prevention of sexual transmission infections (STIs) and use of protective sheaths, education and awareness campaigns on Gender-Based Violence (GBV) as well as caring for orphans and vulnerable children. The programme is fully funded by the Council. An amount totaling N\$ 1 501 803 (2022: N\$ 1 306 037) was budgeted for whereas the actual expenditure amounted to N\$ 1 329 164 (2022: N\$ 1 215 165).

**TOWN COUNCIL OF ONGWEDIYA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**ACCOUNTING OFFICER'S REPORT (continued)**

**21. Job attachment (continued)**

The Council has offered practical internships to students during the year under review as depicted on table 2 below:

<b>Division at Council</b>	<b>Trade</b>	<b>Period</b>	<b>UNAM</b>	<b>NUST</b>	<b>IUM</b>	<b>VVTC</b>	<b>Total</b>
Human Resources	Human Resources Management	01 June 2021 to 31 August 2022	-	1	-	-	1
Planning and Urban Development	Regional and Rural Development	01 July 2022 to 31 December 2022	-	1	-	-	1
Environmental Health	Environmental Health Management	01 July 2022 to 31 October 2022	-	1	-	-	1
Finance	Logistic and Supply Chain Management	01 July 2022 to 30 September 2022	-	1	-	-	1
Technical Services	Plumbing & Pipefitting	01 September 2022 to 31 January 2023	-	-	-	1	1
Technical Services	Plumbing & Pipefitting	01 September 2022 to 31 January 2023	-	-	-	1	1
Technical Services	Plumbing & Pipefitting	01 September 2022 to 31 January 2023	-	-	-	1	1
Technical Services	Automotive Mechanics level 2	01 October 2022 to 31 January 2023	-	-	-	1	1
Finance	Logistic and Supply Chain Management	7 November 2022 to 31 January 2023	-	-	-	1	1
	Office Administration	01 December 2022 to 31 January 2023				1	1
ICT	Cyber infrastructure management	01 December 2022 to 28 February 2023	-	1	-	-	1

**TOWN COUNCIL OF ONGWEDIYA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**ACCOUNTING OFFICER'S REPORT (continued)**

**21. Job attachment (continued)**

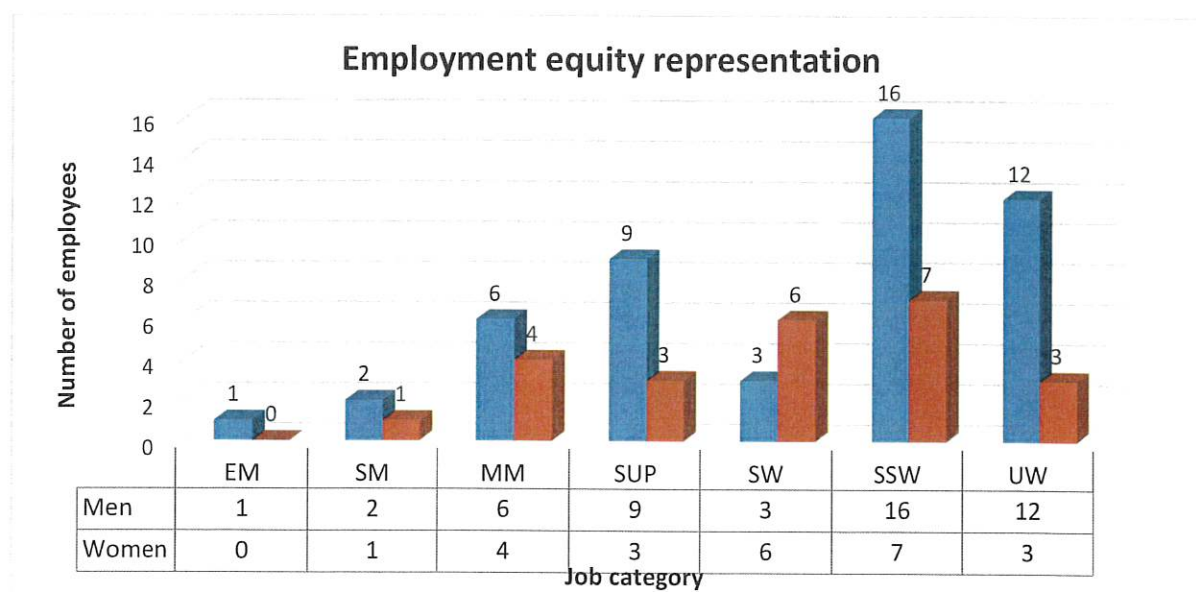
Planning and Development	Office Administration	01 February 2023 to 28 April 2023	-	1	-	-	1
Corporate Communication	Media Studies	01 February 2023 to 28 April 2023	1	-	-	-	1
Technical Services	Plumbing & Pipefitting level 2	01 March 2023 to 30 June 2023	-	-	1	-	1
Technical Services	Plumbing & Pipefitting level 1	01 March 2023 to 30 June 2023	-	-	1	-	1
Technical Services	Plumbing & Pipefitting level 1	01 March 2023 to 30 June 2023	-	-	1	-	1
<b>Total</b>			<b>1</b>	<b>6</b>	<b>3</b>	<b>6</b>	<b>16</b>

**Table 2: Analysis of job attachment**

**22. Human capital (workforce) profile**

As depicted on figure 6 below, the Council had 78 employees as at 30 June 2022 (50 men and 28 women). Six (6) employees were recruited whereas one (1) employee went on retirement during the year under review.

**Figure 6: Workforce profile at 30 June 2023**



**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**ACCOUNTING OFFICER'S REPORT (continued)**

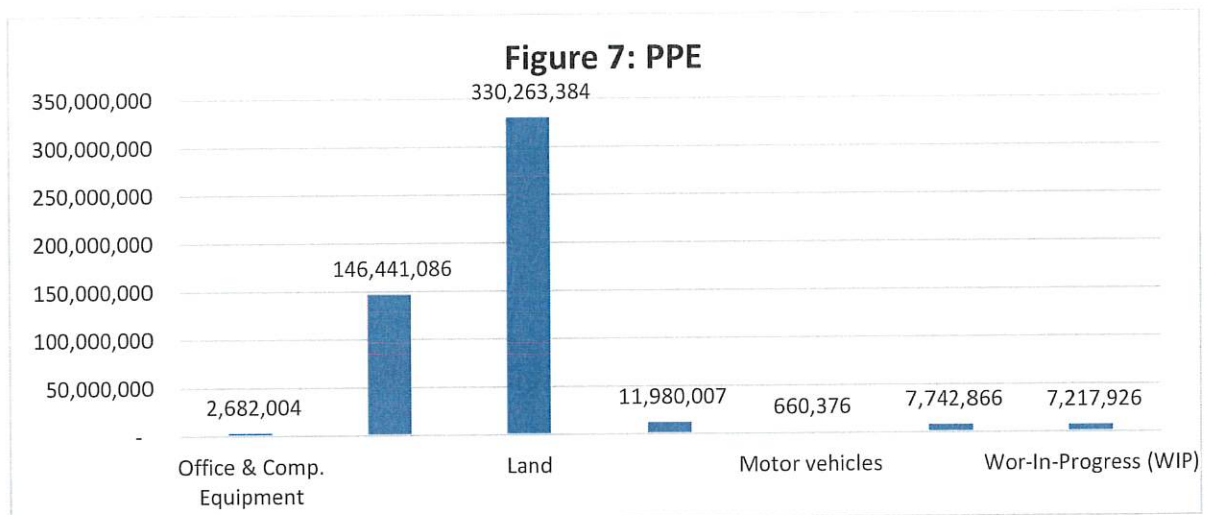
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**Abbreviations used in figure 6 above:**

EM = Executive Management  
 SM = Senior Management  
 MM = Middle Management  
 Sup = Supervisors  
 SW = Skilled Workers  
 SSW = Semi-skilled Workers  
 UW = Unskilled Workers

**23. Property, plant and equipment**

There were no changes in the nature of the property, plant and equipment of Council or in the policy regarding their use. The net book value of property, plant and equipment amounted to N\$ 190.7 million at 30 June 2022 (2021: N\$ 177.2 million) of which N\$ 27.7 million (2021: N\$ 11.5 million) were added during the year under review. Included in the assets is the Work-In-Progress (WIP) in the amount of N\$ 25.6 million (2021: N\$ 7.5 million) of which N\$ 3.3 million was brought forward from the previous year. The net book value of property, plant and equipment is made up as shown on figure 7 below:



**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**ACCOUNTING OFFICER'S REPORT (continued)**

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**24. Going concern**

By and large, the Accounting Officer believes that the Council has adequate financial resources to continue in operation for at least the next twelve (12) months from the date of this statement and accordingly the financial statements have been prepared on a going concern principle. The Accounting Officer is not aware of any material changes that may adversely impact the Council nor is he aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation which may affect the Council from the date of this statement.

**25. Litigation statement**

Although the Council becomes involved in various claims incidental to the ordinary course of business, the Council is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

**26. Events after the reporting period**

The accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

**27. Omissions and commissions**

The Auditor-General may allow the omissions and commissions identified for the year under review to be corrected in that financial year through journal entries. Thus, the Council may be allowed to re-submit corrected financial statements to the Auditor-General, if need be.

**28. Key audit matters for the 2021/2022 financial year**

The key audit matters were noted for the previous year by the Auditor General: Management comments that were provide to the Auditor General and /actions taken by the Council

**29. Audit reports for 2020/2021 and 2021/2022**

The audit reports for 2020/2021 and 2021/2022 were conducted but audit reports were not released at the date of the reporting. They shall be tabled in the next succeeding Council Meeting by the major as soon as they will be received in accordance with Section 87 (3) of the Local Authorities 23, 1992 (Act No. 23 of 1992), as amended, whose minutes will be send to the Minister in accordance with the Act (refer to notes 58).

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**ACCOUNTING OFFICER'S REPORT (continued)**

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**30. Accounting Reporting Framework**

The council adopted the Accrual Accounting Basis International Public Sector Accounting Standards (IPSASs) for the first time on 1 July 2018. The accounting Reporting Framework was duly approved by the Council and the Minister in accordance with Local Authority Act 23, 1992 (Act No. 23 of 1992).

**31. Date of submission of annual financial statements**

The Accounting Officer has prepared the financial statements and submitted them to the Auditor-General within three (3) months after the end of the financial year as required by Section 87 (1) of the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended.

**Mr. Damian E. Egumbo**  
**Chief Executive Officer**



**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CORPORATE GOVERNANCE STATEMENT**

---

**1. Obligation to prepare a Corporate Governance Report**

As a local authority, the Council operates under the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. As a third tier of government, the Council is subjected to the State Finance Act No. 31 of 1991. As a Public Entity, the Council is subjected to the Public Procurement Act No. 15 of 2015. The Council is abided to the supreme law of the land, the Namibian Constitution. Thus, in order to achieve all these, the Council is guided by the governance principles, legislation and directives.

**2. Good governance**

The Council strives to promote the highest standards of good governance by subscribing to good corporate governance as outlined in the Local Authorities 23, 1992 (Act No. 23 of 1992), as amended, State Finance Act 31, 1991 (Act No. 31 of 1991), Public Procurement Act 15, 2015 (Act No. 15 of 1992), the Namibian Constitution and all relevant legislation.

**3. Councillors**

<b>Name</b>	<b>Office</b>
Hon. Taarah Shalyefu	Mayor
Hon. Ulalia Katonyala	Deputy Mayor
Hon. Fabiam George	Chairperson of Management Committee
Hon. Naemi Amuthenu	Member of Management Committee
Hon. Jona Helao	Member of Management Committee
Hon. Kaarina Shikongo	Member of Council
Hon. Ottilie Haitota	Member of Council

Councillors are principal members of the Council serving as policy and decision makers in terms of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

**4. Management Committee of Council**

<b>Name</b>	<b>Office</b>
Hon. Fabiam George	Chairperson of Management Committee
Hon. Naemi Amuthenu	Member of Management Committee
Hon. Jona Helao	Member of Management Committee
Hon. Taarah Shalyefu	Ex-Officio
Hon. Ulalia Katonyala	Ex-Officio

The Management Committee, among other things, is responsible for ensuring that the decisions of the Council are carried out; preparation of budgets; and control of approved expenditure in accordance with section 26 of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CORPORATE GOVERNANCE STATEMENT (continued)**

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**5. Executive and senior management cadres**

<b>Name</b>	<b>Office</b>
Mr. Damian E. Egumbo	Chief Executive officer
Ms. Rebekka N. Hidulika	Senior Manager: Economic Development & Community Services
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services
Mr. Immanuel Nakale	Senior Manager: Finance & Human Resources Administration

**6. Procurement Committee**

In accordance with section 25 (1) (a) of the Public Procurement Act 15, 2015 (Act No. 15 of 2015), Council has appointed the following staff members to be members of the Procurement Committee:

<b>Name</b>	<b>Office</b>
Salome Shidute	Chairperson
Hesekiel Namwandi	Deputy Chairperson
Lonia Nghuulikwa	Member
Immanuel Nakale	Member & Financial Advisor
Josephine Hainana	Secretary and ex-officio
Jackson Muma	Alternate member
Sam Matheus	Alternate member

The Procurement Committee is entrusted with a responsibility of recommending procurement contract awards to the Accounting Officer.

**7. Ad-hoc Bid Evaluation Committee**

In accordance with section 26(1) of the Public Procurement 15, 2015 (Act No. 15 of 2015), the Council has appointed the following staff members to be members of the Ad-hock Bid Evaluation Committee:

<b>Name</b>	<b>Office</b>
Rebbeka Hidulika	Member
Lahya Aimwata	Member
Mirjam Ndjalo	Member
Loini Iiyambo	Member
Tuyenikemanya Shatona	Member
Martha Hailonga	Member
Lorna Shalyefu	Member
Helena Nangombe	Member
Davis Mulokoshi	Member
Penda Kashihakumwa	Member

**TOWN COUNCIL OF ONGWEDIVA  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023  
CORPORATE GOVERNANCE STATEMENT (continued)**

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**Ad-hoc Bid Evaluation Committee (continued)**

Matheus Mbombo	Member
Ujama Uamburu	Member
Jackson Muma	Member
Sam Matheus	Member
David Salom	Member
Martin Namwandi	Member
Nestor Iimene	Member
Tuhafeni Kalongela	Member

The Ad-hoc bid Evaluation Committee is entrusted with a responsibility of evaluation of bids for consideration by the Procurement Committee.

**8. Procurement Management Unit**

In accordance with section 25 (1) (a) of the Public Procurement 15, 2015 (Act No. 15 of 2015), the Council has appointed the following staff members to be members of the Procurement Management Unit:

<b>Name</b>	<b>Office</b>
Josephine Hainana	Head
Isacky Namupala	Member
Max Ngunaihe	Member

The Procurement Management Unit is responsible for conducting and managing procurement activities of the Council.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2023**  
**CORPORATE GOVERNANCE STATEMENT (continued)**

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**9. Land Advisory Committee**

The following persons have been appointed to be members of the Land Advisory Committee in terms of Council Resolution CM20.2/2021 (MCM 23.7/2021/) of the 27<sup>th</sup> of January 2021:

<b>Name</b>	<b>Office</b>
Damian Egumbo	Chairperson
Apson Kashihakumwa	Secretary
Ulalia Katonyala	Member
Rebekka Hidulika	Member
Mirjam Ndjalo	Member
David Mulokoshi	Member
Immanuel Nakale	Member
Jackson Muma	Member
Nestor Iimene	Member
Leonhard Amaambo	Member

The Land Advisory Committee is entrusted to recommend to the Management Committee of all land related matters.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2023**  
**CORPORATE GOVERNANCE STATEMENT (continued)**

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**10. Disaster Risk Management Committee**

The following persons have been appointed to be members of the Land Advisory Committee in terms of Council Resolution CM20.2/2021 (MCM 23.3/2021) of the 27<sup>th</sup> of January 2021:

<b>Name</b>	<b>Office</b>
Taarah T Shalyefu	Chairperson
Sam Matheus	Secretary
Damian Egumbo	Member
David Mulokoshi	Member
Immanuel Nakale	Member
Rebekka Hidulika	Member
Jackson Muma	Member
Elizabeth Vakola	Member
Immanuel Ilonga	Member
Joachim Lengricht	Member
Hofni Kapolo	Member
Johanna Ekandjo	Member
Josephine Handele	Member
Abraham Asser Ashipala	Member
Annely L Ekandjo	Member
Johannes Ngiloloka Ngololo	Member
Helena Indombo	Member
Paulus Mbangula	Member
Shinana	Member
Johanna Nghidinwa	Member
Jona Helao	Member
Tresia N Hamutenya	Member

The Committee is mandated to come up with a disaster risk management plans and all related mitigation responsive measures.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CORPORATE GOVERNANCE STATEMENT (continued)**

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**11. SNMPC Advisory Committee**

The following persons have been appointed to be members of SNMPC Advisory Committee in terms of Council Resolution CM20.2/2021 (MCM 23.5/2021) of the 27<sup>th</sup> of January 2021:

<b>Name</b>	<b>Office</b>
Fabiam George	Chairperson
Otilie Haitota	Member
Kaarina Shikongo	Member
Peter Iita	Member
Ndilimeke Maria Shipandeni	Member
Secilia Sheetekela	Member
Jeremia Hambata	Member
Lahya Aimwata	Member
David Mulokoshi	Member
Rebekka Hidulika	Member
Loini Iiyambo	Secretary

The Committee is mandated to oversee the operations of Sam Nujoma Multi-Purpose Centre.

**12. Open Market Committee**

The following persons have been appointed to be members of the Open Market Committee in terms of Council Resolution CM20.2/2021 (MCM 23.8/2021) of the 27<sup>th</sup> of January 2021:

<b>Name</b>	<b>Office</b>
Ulalia Katonyala	Chairperson
Salome Shidute	Member
Hesekiel Namwandi	Member
Penda Kashihakumwa	Member
Lisias Nahambo	Secretary
Fillepus Johannes	Member
Elizabeth Salom	Member
Emilia Shikongo	Member
Sesilia Fillemon	Member
Naemi Gideon	Member
Maria Leonard	Member

The Committee is mandated to oversee the operation of Ongwediva Open Market.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CORPORATE GOVERNANCE STATEMENT (continued)**

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**13. Street Naming Committee**

The following persons have appointed to be members of the Street Naming Committee in terms of Council Resolution CM20.2/2021 (MCM 23.9/2021) of the 27<sup>th</sup> of January 2021:

<b>Name</b>	<b>Office</b>
Taarah Shalyefu	Chairperson
Fabiam George	Member
Andreas Uutoni	Member
Mirjam Nahambo	Secretary
Vistorine M Shipanga	Member
J Kanzi	Member
Salatiel Kaapangelwa	Member

The Committee is mandated to oversee the naming and/or renaming of streets in Ongwediva and all related matters.

**14. Local Authority Development Committee**

The following persons have appointed to be members of the Local Authority Development Committee in terms of Council Resolution CM 20.2/2021 (MCM 23.1/2021) of the 27<sup>th</sup> of January 2021:

<b>Name</b>	<b>Office</b>
Taarah Shalyefu	Chairperson
Damian Egumbo	Secretary
Immanuel Nakale	Member
David Mulokoshi	Member
Rebekka Hidulika	Member
Andreas Uutoni	Member
Amalia Schmidt	Member
Prisckilla Hailulu	Member
Toivo Nangonya	Member

The functions of the Local Authority Development Committee are stipulated in the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended, under LU2.3.9.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CORPORATE GOVERNANCE STATEMENT (continued)**

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**15. Affirmative Action Committee**

The following persons have appointed to be members of the Affirmative Action Committee in terms of Council Resolution CM 20.2/2021 (MCM 23.6/2021) of the 27<sup>th</sup> of January 2021:

<b>Name</b>	<b>Office</b>
Mathew Mbombo	Chairperson
David Mulokoshi	Member
Desmond Tsibeb	Member
Helena Nangombo	Member
Paulus Mbango	Member
Meleksederk Mateus	Member
Vistorine Shikesho	Member

The Committee is appointed in terms of section 24 of the Affirmation Action Act 29, 1998 (Act No. 29 of 1998).



**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2023**  
**CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

---

**1. Introduction**

Literally, Corporate Social Responsibility (CSR) is an idea that an entity should create value through the production of goods and services as well as the creation of employment and sources of income. CSR should also concern the effects for human beings, inside and outside the entity, like good labour relations, safety, etc. CSR cares about the effects on the natural environment around the entity. This can come in different forms ranging from engaging in non-profit causes to financially bettering the community through creating stronger connections between employees and employer with society within which they operate. Ongwediva Town Council is no exception and CSR remains its responsibility.

Accordingly, the Council has applied its duly approved donations and grants policy when making donations for social development programmes.

**2. CSR activities undertaken by Council**

Ongwediva Town Council is a local authority with a responsibility of rendering municipal services to residents within its area of jurisdiction. It is an undoubted fact that as a Local Authority, the Council is not in a position of stretching its arms wide far financially. It was for that reason that the Council made the following donations:

- Equipment and materials worth N\$ 6 284 to Oshana Basket Ball School Project as a way of contributing towards community development in accordance with Council Resolution CM 162.2/2022 (MCM 130.4/2022).

The above-mentioned donations were duly approved by the Minister on 31 January 2023.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CORPORATE SOCIAL RESPONSIBILITY STATEMENT (continued)**

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**2. CSR activities undertaken by Council (continued)**

The Council established Ongwediva Junior Council (OJC) some years back. Learners are elected from different schools in Ongwediva to be members of OJC on an annual basis. The Council fully funds activities undertaken by OJC. An amount of N\$ 5 304 was spent on OJC activities under the year under review. Specifically, Ongwediva Junior Councillors assisted at the Ongwediva Town Council's Ongwediva Annual Trade Fair Stand and were given some allowances to a tune of N\$ 1 800 and t-shirts worth N\$ 3 504 were bought for all Junior Councillors during the financial year under review.

Ongwediva Junior Council is mandated to:

- engage the youth of Ongwediva in governance issues
- create platforms of patriotic values to the youth
- engage in the spread of the rights of the underprivileged
- deepen the understanding of local authority democracy allowances
- create linkages with the youth of the world

The Council cares for orphaned and vulnerable kids as well as engaging on HIV/AIDS Prevention awareness campaigns through its social arm, Sam Nujoma Multi-Purpose Centre (SNMPC). All the volunteers at the Centre are given allowances by Council and all activities are fully funded by Council.

The Council has entered into a Co-operation Agreement with Lommel Town Council in Belgium. Exchange programs involved include but not limited to the Youth Exchange Programme that benefits the youth in Ongwediva.

The Council has five Memoranda of Understanding (MoU) with University of Namibia (UNAM), Namibia University of Science and Technology (NUST), The International University of Management (IUM), Valombola Vocational Training Centre (VVTC) and Namibia College of Open Learning (NMCOL), respectively. These MoUs make it possible for sixteen (16) students at those respective institutions to do their Work Integrated Learning (WIL) at Council. Additionally, such students were given monthly allowances of N\$ 1 000.00 each translating into N\$ 62 000 per annum.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2023**  
**CORPORATE SOCIAL RESPONSIBILITY STATEMENT (continued)**

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**2. CSR activities undertaken by Council (continued)**

The Accounting Officer is required by Section 86 of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is his responsibility to ensure that financial statements fairly present the state of affairs of Council as at the end of financial period and the results of its operations and cash flows for the period then ended, in conformity with the Accrual Basis of Accounting prepared under the International Public Sector Accounting Standards (IPSASs). The Auditor-General is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the Accrual Accounting Basis using International Public Sector Accounting Standards (IPSASs) as the financial reporting framework is in its fifth year of implementation. A ministerial approval was granted to Council in 2019 in terms of Section 86 (4) the local authorities Act no 23, 992 (Act No. 23 of 1992), as amended.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by Ongwediva Town Council and places considerable importance on maintaining a strong control environment. To enable Council to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanation given by management that systems of internal control provide reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Officer is satisfied that Council has or has access to adequate resources to continue in operational existence for the foreseeable future based on Council's approved budget for 2023/2024.

**TOWN COUNCIL OF ONGWEDIVA**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2023**  
**CORPORATE SOCIAL RESPONSIBILITY STATEMENT (continued)**

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**2. CSR activities undertaken by Council (continued)**

The Auditor-General is responsible for independently reviewing and reporting on the Council's financial statements in terms of the Section 85 of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. The financial statements shall be examined by the Auditor-General and his report will be presented to the Council when done and/or received in terms of Section 87 (3) (a) of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

The financial statements set out on page 43 to 92, which have been prepared on a going concern basis, were approved by the Council on 25 September 2023 and were signed by:

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**D.E. Egumbo**  
**Chief executive Officer**

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**I. Nakale**  
**Senior Manager: Finance & Human**  
**Resources Administration**

**TOWN COUNCIL OF ONGWEDIVA**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE**

		<b>2023</b>	<b>2022</b>
	Note	N\$	N\$
<b>ASSETS</b>			
<b>Current Assets</b>		<b>433 473 966</b>	<b>84 388 004</b>
Trade and other receivables from exchange transactions	3	10 630 197	11 363 350
Trade and other receivables from non-exchange transactions	3	7 825 207	9 263 950
Inventories	4	334 486 022	837 361
Cash and cash equivalents	5	80 532 540	62 923 343
<b>Non-Current Assets</b>		<b>906 347 011</b>	<b>228 798 810</b>
Property, Plant and Equipment	6	860 654 148	190 744 783
Investment Property	7	6 818 701	-
Loans receivable		1 599 279	1 842 903
Investments in associates	9	37 274 883	36 211 124
<b>TOTAL ASSETS</b>		<b>1 339 820 978</b>	<b>313 186 814</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>23 863 217</b>	<b>19 908 878</b>
Trade and other payables from exchange-transactions	10	11 243 092	13 044 261
Refundable deposits	11	2 500 937	2 227 132
Provisions	12	10 119 188	4 637 485
<b>NET ASSETS</b>		<b>1 315 957 760</b>	<b>293 277 936</b>
<b>NET ASSETS/EQUITY</b>		<b>1 315 957 760</b>	<b>293 277 936</b>
Reserves	13	60 019 210	46 883 412
Accumulated surplus		1 255 938 550	246 394 524
<b>TOTAL NET ASSETS/EQUITY</b>		<b>1 315 957 760</b>	<b>293 277 936</b>

## ANNEXURE B

## TOWN COUNCIL OF ONGWEDIVA

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE

		2023	2022
	Note	N\$	N\$
<b>Revenue from non-exchange transactions</b>		<b>48 265 605</b>	<b>51 718 248</b>
Property taxes revenue	14	40 702 218	40 337 865
Public contributions and donations		270 814	220 185
Fines, penalties and levies	15	4 084 488	3 824 430
Transfers from government and reserves	16	3 208 085	7 335 768
<b>Revenue from exchange transactions</b>		<b>72 982 011</b>	<b>67 245 806</b>
Rendering of services	17	57 141 161	55 848 505
Sale of goods	18	2 434 882	878 654
Rental revenue from facilities and equipment	19	1 909 414	1 611 518
Finance income – external investments		1 390 704	909 282
Finance income – outstanding receivables		6 490 858	6 106 806
Other income	20	3 614 992	1 891 041
<b>Total revenue</b>		<b>121 247 616</b>	<b>118 964 054</b>
<b>Expenses</b>		<b>110 701 763</b>	<b>106 925 999</b>
Bulk purchases of water		27 460 207	25 851 787
Employee costs	21	31 437 597	31 075 663
Allowances of Councillors	22	510 086	510 686
Depreciation		14 296 194	13 955 585
Provision for doubtful debts		7 484 393	9 349 358
Provision for leave and severance pay	23	740 884	-
Repairs and maintenance	24	8 313 775	6 358 720
Contracted services	25	3 400 066	3 740 122
Grants and donations		6 284	23 341
General expenses	26	17 051 678	16 069 056
<b>Surplus for the year</b>		<b>10 545 853</b>	<b>12 029 736</b>

ANNEXURE C

**TOWN COUNCIL OF ONGWEDIVA  
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE**

	Capital Development Fund	Social Housing Fund	Build Together Fund	Ongwediv a T/F Centre Fund	Ongwediv va Mayoral Fund	Total Reserves	Accumulated Surplus	Total Asset/Equity
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Balance as at 01 July 2021	28 973 387	3 014 437	10 429 761	3 950 207	5 000	46 372 792	202 706 901	249 079 693
Movements during the year	-	228 002	187 717	25 948	68 953	510 620	-	510 620
Surplus for the year	-	-	-	-	-	-	12 029 736	12 029 736
Appropriations	-	-	-	-	-	-	31 657 887	31 657 887
<b>Net assets at 30 June 2022</b>	<b>28 973 387</b>	<b>3 242 439</b>	<b>10 617 478</b>	<b>3 976 155</b>	<b>73 953</b>	<b>46 883 412</b>	<b>246 394 524</b>	<b>293 277 936</b>
Movements during the year	13 645 070	(705 248)	220 261	(24 671)	368	13 135 798	-	13 135 798
Surplus for the year	-	-	-	-	-	-	10 545 853	10 545 853
Appropriations	-	-	-	-	-	-	998 989 854	998 989 854
<b>Net assets at 30 June 2023</b>	<b>42 618 457</b>	<b>2 537 191</b>	<b>10 837 739</b>	<b>3 951 484</b>	<b>73 339</b>	<b>60 019 210</b>	<b>1 255 938 550</b>	<b>1 315 957 760</b>

## ANNEXURE D

**TOWN COUNCIL OF ONGWEDIVA**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE**

		<b>2023</b>	<b>2022</b>
	Note	N\$	N\$
<b>Net cash flows from operating activities</b>	29	<b>709 179 786</b>	<b>56 520 733</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(7 784 406)	(27 667 384)
Asset adjustments		(683 239 854)	203 512
Decrease in loans receivable		243 624	234 245
Increase in investments in associates		(1 063 758)	(31 546 089)
<b>Net cash flows from investing activities</b>		<b>(691 844 394)</b>	<b>(58 775 716)</b>
<b>Cash flows from financing activities</b>			
Increase/(decrease) in refundable deposits		273 805	(153 994)
Increase/(decrease) in deferred income		-	-
<b>Net cash flows from/(used in) financing activities</b>		<b>273 805</b>	<b>(153 994)</b>
<b>Net increase in cash and cash equivalents</b>		<b>17 609 197</b>	<b>(2 408 977)</b>
Cash and cash equivalents - at 1 July		62 923 343	65 332 320
<b>Cash and cash equivalents - at 30 June</b>	5	<b>80 532 540</b>	<b>62 923 343</b>



**TOWN COUNCIL OF ONGWEDIVA  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2023**

	Budget Amount	Actual Amount	Variance	Variance %
	N\$	N\$	N\$	
<b>Revenue from non-exchange transactions</b>	<b>47 140 888</b>	<b>48 265 605</b>	<b>(1 124 717)</b>	<b>(2%)</b>
Property taxes revenue	40 301 210	40 702 218	401 008	(1%)
Public contributions and donations	232 400	270 814	38 414	(17%) <sup>1</sup>
Fines, penalties and levies	3 859 278	4 084 488	225 210	(6%)
Transfers from government and reserves	2 748 000	3 208 185	460 085	(17%) <sup>2</sup>
<b>Revenue from exchange transactions</b>	<b>69 510 447</b>	<b>72 982 011</b>	<b>(3 471 564)</b>	<b>(5%)</b>
Renting of services	56 884 833	57 141 161	(256 328)	0%
Sale of goods	2 005 002	2 434 882	(429 880)	(21%) <sup>3</sup>
Rental revenue from facilities and equipment	1 655 709	1 909 414	(253 705)	(15%) <sup>4</sup>
Finance income -- external investments	791 173	1 390 704	(599 531)	(76%) <sup>5</sup>
Finance income -- outstanding receivables	6 578 843	6 490 858	87 985	1%
Other income	1 594 887	3 614 992	1 154 748	(127%) <sup>6</sup>
<b>Total revenue</b>	<b>116 651 335</b>	<b>121 247 616</b>	<b>(4 596 281)</b>	<b>(4%)</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2023 (Continued)**

	Budgeted Amount	Actual Amount	Variance	Variance %
	N\$	N\$	N\$	
<b>Expenses</b>	<b>124 787 506</b>	<b>110 701 763</b>	<b>14 085 743</b>	<b>11%</b>
Bulk purchases of water	27 920 572	27 460 207	460 365	2%
Employee costs	34 574 437	31 437 597	3 136 840	9%
Remuneration of Councillors	510 692	510 686	6	0%
Depreciation	14 000 000	14 296 194	296 194	(2%)
Provision for doubtful debts	12 000 000	7 484 393	4 515 607	(38%) <sup>7</sup>
Provision for leave and severance pay	461 000	740 884	(279 884)	(61%) <sup>8</sup>
Repairs and maintenance	11 492 411	8 313 775	3 178 636	28% <sup>9</sup>
Contracted services	4 302 430	3 400 066	902 364	21% <sup>10</sup>
Grants and donations	25 000	6 284	18 716	75% <sup>11</sup>
General expenses	19 500 964	17 051 678	2 449 286	13% <sup>12</sup>
<b>Surplus/(Deficit) for the year</b>	<b>(8 136 171)</b>	<b>10 545 853</b>	<b>(18 682 024)</b>	<b>230%</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED**  
**30 JUNE 2023 (Continued)**

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**Explanation of > 10% Variance**

<sup>1</sup>The donation from Lommel Town Council is subjected to Euro exchange rate and the latter relatively got stronger vs. Namibian dollar.

<sup>2</sup>The street maintenance expenses refunds from Roads Fund Administration (RFA) turned out to be much favourable mainly due timing differences in financial year ends of the Council at 30 June 2023 and that of RFA at 31 March 2023

<sup>3</sup>Proceeds on the sale of erven exceeded the anticipated revenue due to the recovery of the economy post Covid – 19 pandemic

<sup>4</sup>Income from rental of halls exceeded the anticipated revenue mainly due to more favourable economic activities taking place post Covid – 19 pandemic

<sup>5</sup>Interest rate on the Standard Bank Call Account was improved during the year under review.

<sup>6</sup>An action of redundant items took place during the year under review and proceeds thereof was not part of the budget; moreover, fair gain on equity investment in Ongwediva Medpark Investment (PTY) LTD was not anticipated and thus not of the budget.

<sup>7</sup>Provision for doubtful debts budgeted was relatively overestimated. Furthermore, the debtor book value was fairly contained during the year under review post Covid – 19 pandemic.

<sup>8</sup> Provision for severance pay was not part of the budget as no such provision was catered for in previous years.

<sup>9</sup>Costs were saved on repair and maintenance namely street maintenance, street lights, machines and equipment, vehicles pump station, etc. to stay afloat of the economic hardships being experienced as a result of the outbreak of Covid – 19 pandemic and Russia-Ukraine wars.

<sup>10</sup>Costs were saved contracted services to stay afloat of the economic hardships being experienced as a result of the outbreak of Covid-19 pandemic and Russia-Ukraine wars.

<sup>11</sup> Only Donation was made as other could not be allocated.

<sup>12</sup>Costs were saved on general expenses mainly compensation of crop field owners, travelling and accommodation etc. to stay afloat of the economic hardships being experienced as a result of the outbreak of Covid-19 pandemic and Russia – Ukraine wars.

**TOWN COUNCIL OF ONGWEDIVA**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023**

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**1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) as approved by the line Minister in consultation with the Auditor-General in accordance with Section 87 (1) of the Local Authorities Act, 1992 (Act No. 23 of 1992), amended. The Council adopted accrual basis IPSAS on 1 July 2018.

The Council, where applicable, has adopted in full and complied with the following IPSAS which do or do not affect fair presentation of the financial statements:

IPSAS 1 Presentation of financial statements  
 IPSAS 2 Cash Flow statements  
 IPSAS 3 Accounting policies, Changes in Accounting Estimates and Errors  
 IPSAS 4 Effects of Changes in Foreign Exchanges  
 IPSAS 5 Borrowing Costs  
 IPSAS 9 Revenue from exchange transactions  
 IPSAS 10 Financial Reporting on Hyper - inflationary Economies  
 IPSAS 12 Inventory  
 IPSAS 13 Leases  
 IPSAS 14 Events after Reporting Date  
 IPSAS 16 Investment Property  
 IPSAS 17 Property, Plant and Equipment  
 IPSAS 18 Segment Reporting  
 IPSAS 19 Provision, Contingent liabilities and Contingent Assets  
 IPSAS 20 Related Party Disclosure  
 IPSAS 21 Impairment of Non-Cash Generating Assets  
 IPSAS 22 Disclosure of information about the General Government Sectors  
 IPSAS 23 Revenue from non-exchange transactions  
 IPSAS 24 Presentation of budget information in financial statements  
 IPSAS 26 Impairment of Cash Generated Assets  
 IPSAS 28 Financial Instruments: Disclosure  
 IPSAS 29 Financial Instruments: Recognition and Measurement  
 IPSAS 30 Financial Instruments  
 IPSAS 31 Intangible assets  
 IPSAS 32 Service Concession Arrangements: Grantor  
 IPSAS 35 Consolidated Financial Statements  
 IPSAS 36 Investments in Associates and Joint Ventures  
 IPSAS 37 Joint Arrangements  
 IPSAS 38 Disclosure of interest in other entities  
 IPSAS 39 Employee benefits

**TOWN COUNCIL OF ONGWEDIVA**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**1. Presentation of Annual Financial Statements (continued)**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in Namibia dollars, which is the functional and reporting currency of the Council and all values are rounded off to the nearest dollar.

Assets, liabilities and expenses were not set off, except where offsetting is either required or permitted by a standard of IPSAS.

A summary of the significant policies, which have been consistently applied in the preparation of annual financial statements, are disclosed below. Certain policies are supported by reasonable and prudent judgements and estimates.

**1.1 Significant judgement and sources of estimation uncertainty**

In preparing the annual financial statements, the Council is required to make estimates and assumptions that affect the amounts represented therein and related disclosure. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the Council has made in the process of applying the Council's accounting policies and that have the most significant effect on the amounts recognised in annual financial statements:

**Revenue recognition**

Accounting policy 1.3 on revenue from exchange transactions and accounting policy 1.2 on revenue from non-exchange transactions describe conditions under which revenue will be recorded by the Council.

**Impairment of trade receivables**

Impairment of trade receivables is based on the Council's provision for doubtful debts that requires for all trade receivable old 120 and 120+ days to be provided for as doubtful debts.

**TOWN COUNCIL OF ONGWEDIVA**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**Useful lives of Property, Plant and Equipment**

As stated in accounting policy 1.4 and in accordance with provision for depreciation policy, the Council depreciates its Property, Plant and Equipment over the estimated useful lives of assets.

**1.2 Revenue from non-exchange transactions**

**Fees, taxes and fines**

The Council recognizes revenue fees, taxes and fines when the event occurs and the asset recognition criteria are met or when it is probable that the future economic benefits or service potential associated with the asset will flow to Council and the fair value of the asset can be measured reliably.

**Transfers from government and other government entities**

The Council measures revenues from transfers from government and other government entities at fair value and recognizes them as revenues upon transfer and obtaining control of assets if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Council and can be measured reliably.

**1.3 Revenue from exchange transactions**

**Rendering of services**

The Council recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be measured reliably. When the outcome of the transaction cannot be measured reliably, revenue is recognized only to the extent the expenses incurred are recoverable.

**Sale of water**

Revenue from the sale of water is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

**Rental income**

Rental income arising from operating leases on properties is accounted for and included in revenue.

**TOWN COUNCIL OF ONGWEDIVA****ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**Interest income**

Interest income is accrued using effective yield method. The method applies this yield to the principal outstanding to determine interest income each period. Interest income is included in revenue except on Decentralised Build Together and Mayoral Funds where they are capitalised to the fund.

**Dividends**

Dividends or similar distribution is recognized as revenue when the Council's right to receive payments is established.

**1.4 Property, Plant and Equipment**

All Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses in accordance with IPSAS 17. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Council recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. When an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

<b>Item</b>	<b>Average useful life (years)</b>
• Land	No depreciated
• Buildings	20
• Investment Property	20
• Service infrastructure	20
• Heavy vehicles, machinery and equipment	10
• Light and sedan vehicles	5
• Computer equipment	5
• Office furniture and equipment	5
• Cell phones and hand-held radios	2
• Work-In-Progress (WIP)	No depreciated

**TOWN COUNCIL OF ONGWEDIVA**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**1.4 Property, Plant and Equipment (continued)**

Computer software form part of computer equipment and is initially stated at historical cost. Incomplete construction work or work in progress (WIP) is initially stated at historical cost. Depreciation only commences when the asset is handed over to and is ready for use by the Council.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period. Depreciation charge for each period is recognised in surplus or loss.

**1.5 Leases**

In accordance with IPSAS 13, a lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property, or if lower, at the present value of the future minimum lease payments, depreciated over the useful life of such asset. The Council recognizes the associated liability measures at as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges, recognized in surplus or deficit, and reduction of lease liability, disclosed as a liability in the statement of financial position.

Unlike, finance lease payments, operating lease payments are recognized as an operating expense in the profit or loss on a straight-line basis over the lease term.

**1.6 Internal reserves**

The Council establishes internal reserves in line with Section 80 of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended.

**Capital Development Fund**

Revenue generated from the sale of erven was originally deposited into this fund. The purpose of this fund is to fund capital projects internally, whenever it is appropriate and possible. As a way of building up this fund, Council monthly invests on this fund as determined by the Council from time to time. Interest earned on this fund is capitalised on this fund. Bank charges on this fund is deducted from this fund. Unutilised funds received from Government in the form of subsidies form part of this fund.



**TOWN COUNCIL OF ONGWEDIVA****ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**Decentralised Build Together Fund**

This is a revolving fund consisting of funds originally from Government for Decentralised Build Together Fund beneficiaries. Disbursement of funds to beneficiaries for progress payments are made from this fund. Insurance cover payments are disbursed from this fund. Loan repayments are deposited on this fund. Interest earned on this fund is capitalised on this fund. Bank charges on this fund is deducted from this fund. Servicing of an area benefiting Decentralised Build Together beneficiaries may be sourced from this fund.

**Social Housing Fund**

This is a revolving fund consisting of funds originally from Government for social housing unit construction under a Decentralised Build Together Fund. Social housing units were constructed for renting out. Rental amounts are deposited on this fund. Interest earned on this fund is capitalised on this fund. A bank charge on this fund is deducted from this fund. Servicing of an area benefiting Social Housing beneficiaries may be sourced from this fund.

**Government subsidies**

Government subsidies are recognised as revenue in the period in which associated expenses are expenses or accrued. Unutilised Government grants are recognised as deferred income until such time they will be utilized when they will be recognised in the statement of financial performance.

**1.7 Off-setting**

In accordance with paragraph 48 of IPSAS 1: presentation of financial statements, assets and liabilities, and revenue and expenses are reported in the financial statements separately and shall not be offset unless required or permitted by an IPSAS.

**1.8 Budget information**

The budget is approved by the Council and authorised by the Minister of Urban and Rural Development in terms of Sections 83 (1) and 84 (4) of the Local Authorities Act, 1992 (Act No. 23 of 1992), as amended.

The annual budget is prepared on an accrual basis indicating all planned costs and income are presented in single statements to determine the needs of the Council covering the financial periods 1 July 2022 to 30 June 2023. No comparative information shall be required for the budget.

Differences between actual and budget figures may be considered to be material where such differences are above 10%. Material differences shall be explained in the statement of comparison of budget and actual amounts to the financial statements.

**TOWN COUNCIL OF ONGWEDIVA**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**1.8 Budget information (continued)**

As a result of adoption of the accrual basis for budgeting purposes, there are no basis, timing or Council differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of the budget and actual amounts.

**1.9 Going concern**

The financial statements have been prepared using accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of Council's operations. Any pre-matter or circumstance arising before the end of the financial year or any post-matter or circumstance arising after the end of the financial year re reported as such.

**1.10 Taxes**

**Income Tax**

The Council is a local authority and is exempted from paying income tax in terms of the Income Tax Act 24, 1981 (Act No. 24 of 1981), as amended.

**Value Added Tax (VAT)**

Items in the financial statements are stated exclusive of VAT, except for accounts receivable and accounts payable which are presented on a VAT inclusive basis. Where VAT is either not tax deductible or not permitted by Namibia Revenue Agency (NamRA), it is written back and forms part of the stated assets or expenses.

The Council is a registered Value Added Tax (VAT) payer in terms of the Value Added Tax Act 10, 2000 (Act No. 10 of 2000), as amended, and submits its VAT returns bi-monthly to NamRA. Council pays VAT amounts into a state account upon submitting the return together with supporting analysis of expenses via the Electronic Fund Transfer (EFT) on or before the due date on the 25<sup>th</sup> of the month following the end of bi-monthly period. In case of VAT receivable, the Council does not have any control over auditing of returns and/or payments thereof.

**Pay As You Earn (PAYE)**

The Council deducts PAYE from employees' and Councilors' remuneration and pays it over to the NamRA via the Electronic Fund Transfer (EFT) on or before the 20<sup>th</sup> of the month following the

**TOWN COUNCIL OF ONGWEDIVA****ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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month of deductions. Monthly returns are completed and submitted to the NamRA. Yearly reconciliation is based on monthly returns as no yearly returns are submitted to NamRA.

**1.11 Presentation of financial statements**

The Council sets out considerations for the presentation of financial statements and offers guidance for the structure of these statements and minimum requirements for their content under accruals, basis of accounting in accordance with IPSAS 1. The Council discloses comparative information in statements of financial position, financial performance, cash flows, changes in assets/equity and comparison of budgets with actuals and notes to such statements.

**1.12 Cash Flow statements**

The cash follow is prepared using an indirect method in accordance with IPSAS 2.

**1.13 Accounting policies, Changes in Accounting Estimates and Errors**

The Council applies its accounting policies in the preparation annual financial statements in accordance with IPSAS 3.

**1.14 The Effects of Changes in Foreign Exchanges**

Foreign translation differences are reported on or disclosed in accordance with IPSAS 4.

**1.15 Borrowing Costs**

Borrowing costs are recognised as expenses in the period in which they are incurred regardless of such borrowing costs were applied in accordance with IPSAS 5.

**1.16 Revenue from exchange transactions**

Revenue arising from exchange transactions is measured at fair value of the consideration received or receivable in accordance with IPSAS 9. Main sources of exchange revenue are refuse removal services, sewerage services, sale of water and sale of erven.

**1.17 Financial Reporting on Hyper-Inflationary Economies**

The Council's functional currency is not deemed to be operating in hyper-inflationary economy and, therefore, it is not required to report on Financial Reporting on Hyper-Inflationary Economies in accordance with IPSAS 10.

**TOWN COUNCIL OF ONGWEDIVA**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**1.18 Inventory**

Inventories are measured at cost upon initial recognition in accordance with IPSAS 12. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost). The cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of the Council.

**1.19 Investment Property**

In accordance with IPSAS 16, community halls, conference halls and offices that are rented out at a fee are classified as investment property. Rental fees are disclosed as part of rental revenue from property, facilities and equipment. Investment properties are stated at cost and is depreciated over their estimated useful lives i.e a cost model is used. The depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life (years)
• Land	No depreciated
• Buildings	20.

**1.20 Segment Reporting**

In accordance with IPSAS 18, revenue from on-exchange transactions, revenue from exchange transactions and various categories of expenses are deemed segments of the statement of financial performance. Similarly, additions to various categories of Property, Plant and Equipment are also deemed to be segments. Thus, the Council classifies its operational and capital transactions by segments and such segments are reported on as disclosed in the statements of financial performance and financial position, respectively.

**1.21 Provision, Contingent liabilities and Contingent Assets**

Provisions are recognised when:

- The Council has an obligation at the reporting period date as a result of a past event;
- it is probable that the Council will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement. The Council does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statement, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**TOWN COUNCIL OF ONGWEDIVA****ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**1.21 Provision, Contingent liabilities and Contingent Assets (continued)**

The Council does not recognize a contingent asset, but discloses details of any contingencies in the notes to the financial statement, unless the possibility of an inflow of resources embodying economic benefits or service potential is remote. If it becomes virtually certain that an inflow of economic benefits service potentially will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the changes occurs.

In accordance with IPSAS 19, Credit leave days owed to its employees are provided for on an annual basis and they are accounted for in the profit or loss account. A built-up reserve is thus kept to cater for employees who go on retirement and those that exit Council's employment on account of resignation, dismissal and death. Provision for doubtful debts is done at the end of every financial year to cater for possible write off of bad debts.

**1.22 Related Party Disclosure**

In accordance with IPSAS 20, related parties include Councilors, Chief Executive Officer and Senior Manager, all entities in which the Council has interest and all governed-owned entities over which a common government (shareholder) has or deems to have a significant influence over them or the ability to direct. Related parties and related transactions thereof are disclosed in notes to the annual financial statements.

**1.23 Impairment of Non-Cash Generating Assets**

In accordance with IPSAS 21, an assessment is carried out to establish a possibility of impairment of non-generating assets at the end of the reporting date. An impairment loss of assets is carried at cost less any accumulated depreciation or amortisation and is recognised in profit or loss.

**1.24 Disclosure of information about the General Government Sectors**

In accordance with IPSAS 22 and in addition to prescribed information disclosure by IPSAS, the following reports are additionally included in the annual financial statements: Mayor's Report, Accounting Officer's Report, Corporate Governance Statement and Corporate Responsibility Statement.

**1.25 Revenue from non-exchange transactions**

In accordance with IPSAS 23, transactions deal with matters relating to the measurement of revenue where the Council has received economic benefits or service potential without an equal exchange of value in return are regarded as revenue from non-exchange transactions. Major sources of non-exchange revenue are property taxes and transfers from government.

**TOWN COUNCIL OF ONGWEDIVA**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**1.26 Presentation of budget information in financial statements**

In accordance with IPSAS 24, a statement of comparison of budget amounts and actual amounts arising from execution of the budget is included in the annual financial statements. An explanation for any deviation exceeding 10% is done in such a statement. The Council's approved budget is a public document for which it is held accountable.

**1.27 Impairment of cash generated assets**

In accordance with IPSAS 26, the Council classifies all assets held with a primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-Cash Generating Assets.

An assessment is carried out to establish a possibility of impairment of generating assets at the end of the reporting date. An impairment loss of assets is carried at cost less any accumulated depreciation or amortisation and is recognised in profit or loss.

**1.28 Financial instruments: disclosure**

In accordance with IPSAS 28, the Council categorises its financial assets at amortised cost in terms of IPSAS 41 as follows:

- Receivables from exchange transactions
- Receivable from non-exchange transactions
- Cash and cash equivalents

The Council categorises its financial liabilities at amortised cost in terms of IPSAS 41 as follows:

- Payables from exchange transactions
- Refundable deposits

**1.29 Financial instruments: Recognition and Measurement**

Financial instruments at amortised cost

In accordance with IPSAS 29, financial instruments may be designed to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit or loss.

**TOWN COUNCIL OF ONGWEDIVA**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**1.30 Financial Instruments**

In accordance with IPSAS 30, the Council has various types of financial instruments and these are broadly categorised as financial assets and financial liabilities.

**1.31 Intangible assets**

In accordance with IPSAS 31, all Council's software forms part of computer equipment. Intangible assets are initially measured at cost.

**1.32 Service concession arrangements: Grantor**

In accordance with IPSAS 32, the Council (grantor) may enter into arrangements whereby it contracts with a private operator to develop or upgrade, operate and maintain its infrastructure.

The Council currently does not have any service concession arrangement with any operator.

**1.33 Consolidated financial statements**

In accordance with IPSAS 35, the Council may have controlled entities with a significant number of transactions between controlled entities. This requires Council to prepare consolidated financial statements. The Council currently does not have any controlled entities with a significant number of transactions between controlled entities.

In accordance with IPSAS 36, an investment in an associate is carried at fair value and classified as fair value gain or loss through a surplus or deficit account. However, the overall movement in investments in associates was put through the appropriation account as it was recognised as such for the first time for the year under review. The Council discloses its carrying and nominal amounts as part of its investments in associates. The Council holds no interest in joint ventures.

**1.35 Joint arrangements**

In accordance with IPSAS 37, the Council may enter into joint arrangements to achieve desired results. The Council currently has no joint arrangements.

**1.36 Employee benefits**

In accordance with IPSAS 39, short term benefits include accrued credit leave days limited sixty (60) days in accordance with Personnel Rules. The Council contributes, on a monthly basis, contributes towards post-employment benefits under which and, upon employee exit from its employment, shall have no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay such benefits to employees.

**TOWN COUNCIL OF ONGWEDIVA**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023 (continued)**

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**2. Events after reporting date**

In accordance with IPSAS 14, events after the reporting date that are classified as adjusting events are accounted for in the annual financial statements whereas those that are classified non-adjusting events after reporting date are disclosed in notes thereto.



**ANNEXURE F**

**TOWN COUNCIL OF ONGWEDIVA**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>3. Trade and other receivables from exchange and non-exchange transactions</b>		
Services rendered	49 008 396	45 620 355
SNMPC	-	-
Sundry debtors	251 479	98 268
Sundry suspense account	-	-
	<u>49 259 875</u>	<u>45 718 623</u>
Less: Provision for doubtful debts	<u>(38 629 678)</u>	<u>(34 355 272)</u>
	<b><u>10 630 197</u></b>	<b><u>11 363 351</u></b>

**Trade and other receivables from non-exchange transactions**

Assessment rate receivable	20 616 333	18 034 902
VAT receivables	1 353 247	2 653 340
NORED surcharges	619 601	589 761
Road Fund Administration	938 360	478 293
	<u>23 527 541</u>	<u>21 756 296</u>
Less: Provision for doubtful debts	<u>(15 702 334)</u>	<u>(12 492 346)</u>
	<b><u>7 825 207</u></b>	<b><u>9 263 950</u></b>

Trade and other receivables from exchange transactions are primarily composed of sale of water, refuse removal fees and sewerage fees.

Trade and other receivables from non-exchange transactions are mainly composed of assessment rates, VAT receivable from the Receiver of Revenue, NORED surcharge receivables and road related refundable from Roads Fund Administration without receiving anything of substantial value in return but simply because the law mandates the payments.

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**3. Trade and other receivables from exchange and non-exchange transactions (continued)**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
Current	4 030 053	4 203 837
30 days	2 357 396	2 531 318
60 days	1 511 424	1 872 236
90 days	1 387 472	1 749 295
120 days	1 273 400	1 488 016
120+ days	37 356 278	32 867 257
	<b>47 916 023</b>	<b>44 711 958</b>

Current	2 467 184	2 728 969
30 days	1 023 976	1 120 732
60 days	759 381	908 285
90 days	663 459	784 570
120 days	592 582	643 304
120+ days	15 109 752	11 849 043
	<b>20 616 333</b>	<b>18 034 902</b>

**Reconciliation of provision for impairment of trade receivables:**

	<b>54 332 012</b>	<b>46 847 618</b>
Opening balance	46 847 618	37 498 260
Provision for impairment	7 484 394	9 349 358

The provision for impairment of trade receivables include trade receivables outstanding for 120 days and above 120 days in accordance with approved provision for doubtful debts policy of Council.

No part of trade receivables was pledged as security for any facility.

Amounts included in the trade and other receivables regarding related party transactions are disclosed in note 39.

## ANNEXURE F

### TOWN COUNCIL OF ONGWEDIVA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)

	2023	2022
	N\$	N\$
<b>4. Inventories</b>	<b>334 486 022</b>	<b>837 361</b>
Consumables	646 762	837 361
Land inventory	333 839 260	-
<b>5. Cash and cash equivalents</b>	<b>80 532 540</b>	<b>62 923 343</b>
Ongwediva TC: Current account - Nedbank	25 868 315	11 603 578
Ongwediva TC: Call account - Nedbank	1 696 046	1 123 405
Ongwediva TC: Project call account - Nedbank	71 461	70 031
Ongwediva TC: Mayoral current account - Nedbank	74 338	73 839
Ongwediva TC: Call account - Standard Bank	40 850 947	37 478 287
Ongwediva TC Social Housing current account - Bank Windhoek	2 616 594	3 364 863
Ongwediva Build Together: Call account - Bank Windhoek	4 069 841	3 873 847
Ongwediva Build Together: Current account - Bank Windhoek	2 640 167	2 569 283
Ongwediva T.F. Centre call account - FNB	2 115 741	2 600 690
Ongwediva T.F. Centre current account - FNB	529 091	165 520

Cash and cash equivalents relate to money on hand and deposits held with banking institutions.

Commercial banks are periodically monitored for capital adequacy by the Reserve Bank of Namibia. Hence, credit quality of cash at banks is considered of a high quality.

## ANNEXURE F

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

**6. Property, plant and equipment**

	2023		2022			
	Cost/valuation	Accumulated depreciation	Carrying values	Cost/valuation	Accumulated depreciation	Carrying values
	N\$	N\$	N\$	N\$	N\$	N\$
Office equipment	7 687 923	(5 005 919)	2 682 004	7 199 895	(4 519 871)	2 680 024
Infrastructure	282 988 562	(136 547 476)	146 441 086	269 164 496	(129 532 612)	139 631 884
Land	330 263 384	-	330 263 384			
Townlands	353 666 500	-	353 666 500			
Buildings	30 821 042	(18 841 034)	11 980 006	32 078 736	(17 672 895)	14 405 841
Motor vehicles	6 488 962	(5 828 586)	660 376	6 685 490	(5 593 662)	1 091 828
Plant and machinery	18 381 190	(10 638 324)	7 742 866	17 232 852	(9 870 502)	7 362 350
Work in progress	7 217 926	-	7 217 926	25 572 856	-	25 572 856
Total	1 037 515 488	(176 861 340)	860 654 148	357 934 325	(167 189 542)	190 744 783

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

**6. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2023**

	Opening balance	Additions	Depreciation	Transfers	Adjustment	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Office equipment	2 680 024	488 028	(486 048)	-	-	2 682 004
Infrastructure	139 631 884	219 141	(11 241 567)	22 122 583	(4 290 955)	146 441 086
Land	-	1 131 513	-	417 213	328 714 658	330 263 384
Townlands	-	-	-	-	353 666 500	353 666 500
Land and buildings	14 405 841	160 928	(964 304)	46 592	(1 669 051)	11 980 006
Motor vehicles	1 091 828	-	(431 452)	-	-	660 376
Plant and machinery	7 362 350	163 033	(1 172 821)	1 391 304	-	7 742 866
Work in progress	25 572 856	5 622 763	-	(23 977 693)	-	7 217 926
	<b>190 744 783</b>	<b>7 784 406</b>	<b>(13 948 640)</b>	<b>-</b>	<b>680,444,021</b>	<b>860 654 148</b>

ANNEXURE F

**TOWN COUNCIL OF ONGWEDIVA  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

**Reconciliation of property, plant and equipment - 2022**

	Opening balance	Additions	Depreciation	Transfers	Adjustment	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Office equipment	2 721 200	1 602 857	(253 869)	-	-	2 680 024
Infrastructure	146 976 847	470 309	(10 933 965)	2 039 143	(6 946)	139 631 884
Land and buildings	14 954 947	3 207 728	(1 189 071)	-	-	14 405 841
Motor vehicles	1 591 104	760 232	(499 276)	-	-	1 091 828
Plant and machinery	3 446 477	176 107	(1 072 459)	2 000 000	-	7 362 350
Work in progress	7 545 925	5 270 704	-	(4 039 143)	(203 512)	25 572 856
	<b>177 236 500</b>	<b>11 487 937</b>	<b>(13 94 640)</b>	<b>-</b>	<b>(210 458)</b>	<b>190 744 783</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**6. Property, plant and equipment (continued)**

**Pledged as security**

All the property, plant and equipment are free of any encumbrances.

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>Capitalised expenditure</b>		
Addition to Capital Work In Progress	5 622 763	22 269 586
Transferred from Capital WIP to fixed assets	(23 977 693)	(4 039 143)
Adjustments	-	(203 512)

Work in progress is capitalised when expenditure is incurred to create a fixed asset. Once an asset is handed over to the Council and is ready for use, it is transferred from work in progress to a respective asset class.

**Revaluations**

No asset revaluations were performed during the year under review as a cost model is used for all classes of assets.

7. Investment property		2023		2022		
	Cost/valuation	Accumulated depreciation	Carrying values	Cost/valuation	Accumulated depreciation	Carrying values
	N\$	N\$	N\$	N\$	N\$	N\$
Land	6 818 700	-	6 818 700	-	-	-
Building	23 304 100	(23 304 099)	1	-	-	-
Total	30 122 800	(23 304 099)	6 818 701	-	-	-

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**Reconciliation of investment property - 2023**

	<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Transfers</b>	<b>Adjustment On accumulated depreciation</b>	<b>Total</b>
	N\$	N\$	N\$	N\$	N\$	N\$
Land	-	6 818 700	-	-		6 818 701
Buildings	-	23 304 100	-	-	(23 304 099)	
	-	<b>30 122 800</b>	-	-	<b>(23 304 099)</b>	<b>6 818 701</b>

**8. Loan receivables**

These loans were granted from the Build residents of Ongwediva. Together Fund to Decentralized Build Together loan accounts are created when the loan is fully disbursed to a beneficiary whose monthly instalments are debited to a sundry debtor account on a monthly basis.

**9. Investments in associates**

<b>Name of company</b>	<b>2023</b>			<b>2022</b>		
	<b>Carrying amount</b>	<b>Nominal amount</b>	<b>Total</b>	<b>Carrying amount</b>	<b>Nominal amount</b>	<b>Total</b>
	N\$	N\$	N\$	N\$	N\$	N\$
Local Authorities Electricity Company (Pty) Ltd	25 605 585	15	25 605 600	24 506 914	15	24 506 914
Ongwediva Med- Park Investments (Pty) Ltd	7 004 263	20	7 004 283	7 039 210	20	7 039 210
Namfair (Pty) Ltd	-	4 665 000	4 665 000	-	4 665 000	4 665 000
<b>Total</b>	<b>32 609 848</b>	<b>4 665 035</b>	<b>37 274 883</b>	<b>31 546 089-</b>	<b>4 665 035</b>	<b>36 211 124</b>



**ANNEXURE F**

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**9. Investments in associates (continued)**

Movements in carrying and nominal values:

Name of company	2023			2022		
	Opening balance	Movement	Closing balance	Opening balance	Movement	Closing balance
	N\$	N\$	N\$	N\$	N\$	N\$
Local Authorities Electricity Company (Pty) Ltd	24 506 914	1 098 686	25 605 600	15	24 506 899	24 506 914
Ongwediva Med-Park Investments (Pty) Ltd	7 039 210	(34 927)	7 004 283	20	7 039 190	7 039 210
Namfair (Pty) Ltd	4 665 000	-	4 665 000	4 665 000	-	4 665 000
<b>Total</b>	<b>36 211 124</b>	<b>1 063 759</b>	<b>37 274 883</b>	<b>4 665 035</b>	<b>31 546 089</b>	<b>36 211 124</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>10. Trade and other payables from exchange transactions</b>	<b>11 243 092</b>	<b>13 044 261</b>
Accrued creditors	8 575 290	10 538 119
Credit balances owed to debtors	1 092 373	908 397
Unallocated customer payments	1 575 429	1 597 745

Trade payables and year end accruals comprise of amounts accrued for goods supplied and services rendered by suppliers and service providers with regard to exchange transactions. All third-party payments such as pension fund contributions, medical aid contributions, social security contributions and PAYE were paid over and released before the end of year under review. Credit debtor balances comprise of debtor accounts that were in credit at the end of year under review. Unallocated customer payments are deposits and Electronic Fund Transfers (EFTs) made into Council's operational current bank account that could not be allocated due to lack of allocation information.

Amounts included in the trade and other payables regarding related party transactions are disclosed in note 22.

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>11. Refundable deposits</b>	<b>2 500 937</b>	<b>2 227 132</b>
Consumer deposits	1 865 622	1 833 584
Down payments on sale of erven	635 315	393 548

**Reconciliation of consumer deposits – 2023**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Refunded during the year</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Consumer deposits	1 833 584	56 720	(24 682)	1 865 622

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**11. Refundable deposits (continued)**

**Reconciliation of consumer deposits – 2022**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Refunded during the year</b>	<b>Total</b>
	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>
Consumer deposits	<b>1 818 313 86</b>	<b>39 342</b>	<b>(37 144)</b>	<b>1 833 584</b>

**Reconciliation of deposits on sale of erven -  
2023**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Transferred during the year</b>	<b>Total</b>
	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>
Deposits on sale of erven	<b>393 548</b>	<b>254 137</b>	<b>(12 370)</b>	<b>635 315</b>

**Reconciliation of deposits on sale of erven -  
2022**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Transferred during the year</b>	<b>Total</b>
	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>
Deposits on sale of erven	<b>549 740</b>	<b>72 953</b>	<b>(229 145)</b>	<b>393 548</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**11. Refundable deposits (continued)**

The refundable consumer deposits held by Council are valid, sufficient and kept properly. Such deposits are refundable upon the closure of a debtor account subjected to a claim by a depositor and full settlement of the account.

Down-payments on sale of erven are recognized as deposits until such time the full purchase price for an erf is paid. When fully paid, the purchase price is transferred from deposits and recognized as income in the profit or loss in the financial year it occurs upon which a debtor service account is created.

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>12. Provisions</b>	<b>10 119 188</b>	<b>4 629 166</b>
Provision for leave pay	4 714 895	4 629 166
Provision for severance pay	5 404 293	-

Provision for accrued leave pay relates to accumulative leave days not exceeding 60 days owed to employees in accordance with personnel rules at the end of year under review. Provision for severance is payable when an employee dies while employed or dismissed unfairly, resigns or retires on reaching the retirement age of 60 or early retirement age of 55 and above.

Provision for accrued leave pay is reconciled as follows:

**Reconciliation of provision for leave pay –**  
**2023**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilized during the year</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Provision for leave pay	<b>4 629 166</b>	<b>384 584</b>	<b>(298 855)</b>	<b>4 714 895</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**12. Provisions (continued)**

**Reconciliation of provision for leave pay -**  
**2022**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilized during the year</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Provision for leave pay	<b>4 691 230</b>	<b>145 733</b>	<b>(207 797)</b>	<b>4 629 166</b>

**Reconciliation of provision for leave pay –**  
**2023**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilized during the year</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Provision for severance pay	<b>-</b>	<b>356 300</b>	<b>5 047 993</b>	<b>5 404 293</b>

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>13. Reserves</b>	<b>60 019 210</b>	<b>46 883 412</b>
Capital Development Fund	42 618 457	28 973 387
Social Housing Fund	2 537 191	3 242 439
Build Together Fund	10 837 739	10 617 478
Ongwediva Trade Fair Centre	3 951 484	3 976 155
Ongwediva Mayoral Fund	74 339	73 953

The purposes of Capital Development Fund, Social Housing Fund, Built Together Fund, Ongwediva Trade Fair Fund and Ongwediva Mayoral Fund are to fund capital projects internally; maintain existing social housing units constructed under a Decentralised Build Together Fund and service new areas for constructing additional units; serve as a revolving account for the decentralized build together programme; finance expenditure of the Ongwediva Trade Fair Centre activities; and address some critical emergent needs and other social-related evils in the society, respectively.

## ANNEXURE F

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

	<b>2023</b>	<b>2021</b>
	<b>N\$</b>	<b>N\$</b>
<b>14. Property taxes revenue</b>	<b>40 702 218</b>	<b>40 337 865</b>
Residential	18 336 581	18 007 767
Commercial	22 365 637	22 330 098
Assessment rates of N\$ 0.0287 and N\$ 0.0074 are charged per N\$ 1 valuation of land and improvements, respectively. Such tariffs remained unchanged from the previous financial year. A new Valuation Roll came into being on 01 July 2021.		
<b>15. Fines, penalties and levies</b>	<b>4 084 488</b>	<b>3 824 430</b>
Electricity surcharges	3 441 617	3 346 571
Water reconnection fees	555 120	401 431
Impounding fees	86 012	72 776
Fine - Illegal dumping of sewer	1 739	3 652
<b>16. Transfers from government</b>	<b>3 208 085</b>	<b>7 335 768</b>
Road Fund Administration (RFA)	2 735 085	2 322 145
Medium Term Expenditure (MTEF)	473 000	5 013 623
<b>17. Rendering of services</b>	<b>57 141 161</b>	<b>55 848 505</b>
Sale of water	42 028 143	40 717 570
Refuse removal fees	8 676 722	8 634 255
Sewerage fees	6 436 296	6 496 680
<b>18. Sale of goods</b>	<b>2 434 882</b>	<b>878 654</b>
Sale of erven	2 430 265	872 498
Sale of refuse bins	4 617	6 156

**ANNEXURE F**

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>19. Rental revenue from properties, facilities and equipment</b>	<b>1 909 414</b>	<b>1 611 518</b>
Council houses	34 800	45 300
Open Market stalls	156 654	163 982
Plant and equipment	67 153	30 062
Fire brigade board room	3 652	10 087
Sam Nujoma Multi-Purpose Centre - Hall	29 289	32 082
Sam Nujoma Multi-Purpose Centre - Offices	4 002	9 279
Sam Nujoma Multi-Purpose Centre - Tuck Shop	5 787	5 261
Ongwediva Trade Fair Centre - Halls	506 828	174 044
Ongwediva Trade Fair Centre - Offices	219 230	244 172
Land at Informal settlements	480 921	483 837
Skip containers	401 098	413 412
<b>20. Other income</b>	<b>3 614 992</b>	<b>1 891 041</b>
Burial services	7 902	11 905
Fire brigade fees	537 017	531 972
Fire brigade training	87	174
New sewer connection	81 997	44 886
New water connection	90 703	91 726
Business registration fees	371 617	323 214
Build plan fees	275 590	224 810
Sewing project – SNMPC	18 772	17 464
Computer courses – SNMPC	6 870	7 165
Administrative cost on stop orders	18 430	24 208
Dividends – Ongwediva Medipark		
Investments (Pty) Ltd	150 000	-
Advertising fees - bill boards	147 256	173 527
Discount received	217 275	277 785
Proceeds from auction	655 914	-
Fair value gain on equity investment: LAEC (Pty) Ltd	865 357	-
Sundry income	170 205	162 204

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

	<b>2023</b>	<b>2022</b>
	<b>N\$</b>	<b>N\$</b>
<b>21. Employee costs</b>	<b>31 457 596</b>	<b>31 067 344</b>
Employee related costs - salaries and wages	15 957 108	15 853 394
Bonuses - 13th cheques	1 340 257	1 310 487
Vehicle and transport allowances	926 621	859 930
Housing benefits	5 457 203	5 424 950
Employee related costs - Contributions to Medical Aid	3 007 830	2 693 134
Employee related costs - Contributions to Pension Fund	3 464 332	3 440 259
Employee related costs - Contributions to SSC	71 051	70 513
Standby allowances	106 500	106 500
Overtime payments	719 530	789 101
Cell phone allowances	51 300	51 300
Workmen's compensation	67 771	72 542
Protective clothing	134 543	103 753
Emergency service allowances	133 550	145 750
Contributions to accumulated leave days	-	145 733

The Council had seventy -seven (77) permanent and one (1) contracted employees (50 men and 28 women) on its fixed establishment at 30 June 2022.



**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**22. Allowances of Councillors**

<b>2023 Office</b>	<b>Basic allowance</b>	<b>Cell phone allowance</b>	<b>Total allowance</b>
	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>
Mayor	77 500	12 000	89 500
Deputy Mayor	69 756	7 200	76 956
Chairperson of Management Committee	72 332	8 400	80 732
Member of Management Committee	67 165	-	67 165
Member of Management Committee	67 165	-	67 165
Member of Council	64 584	-	64 584
Member of Council	64 584	-	64 584
<b>Total allowances of Councillors</b>	<b>483 086</b>	<b>27 600</b>	<b>510 686</b>

**22. Allowances of Councillors (Continued)**

<b>2022 Office</b>	<b>Basic allowance</b>	<b>Cell phone allowance</b>	<b>Total allowance</b>
	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>
Mayor	77 500	12 000	89 500
Deputy Mayor	69 756	7 200	76 956
Chairperson of Management Committee	72 332	8 400	80 732
Member of Management Committee	67 166	-	67 166
Member of Management Committee	67 166	-	67 166
Member of Council	64 584	-	64 584
Member of Council	64 584	-	64 584
<b>Total allowances of Councillors</b>	<b>483 088</b>	<b>27 600</b>	<b>510 686</b>

Ongwediva has seven (7) Local Authority Councillors in accordance with the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. Councillors' basic and cell phone allowances are determined by the Minister of Urban and Rural Development in terms of section 18 (1) and (2) of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. No sitting allowances are paid to Councillors. Councillors may utilise Council transportation and information communication technology facilities when engaged in official duties.

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

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**22. Allowances of Councillors (Continued)**

Ongwediva has seven (7) Local Authority Councillors in accordance with the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. Councillors' basic and cell phone allowances are determined by the Minister of Urban and Rural Development in terms of section 18 (1) and (2) of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. No sitting allowances are paid to Councillors. Councillors may utilise Council transportation and information communication technology facilities when engaged in official duties.

**23. Provision for leave and severance pay**

	<b>740 884</b>	<b>-</b>
Provision for leave pay	384 583	-
Provision for severance pay	356 301	-

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

	<b>2023</b>	<b>2022</b>
	<b>N\$</b>	<b>N\$</b>
<b>24. Repairs and maintenance</b>	<b>8 313 775</b>	<b>6 358 720</b>
Buildings	412 328	422 135
Infrastructure	6 276 557	4 494 947
Vehicles	790 571	874 780
Office and computer equipment	834 319	566 858
<b>25. Contracted services</b>	<b>3 400 066</b>	<b>3 740 122</b>
Refuse removal	2 598 900	2 790 167
Grass shrub removal and tree trimming	32 670	65 767
Malaria control and impounding services	311 861	349 300
Office cleaning services	456 635	534 888
	<b>17 051 678</b>	<b>16 069 053</b>
<b>26. General expenses</b>		
Advertising	232 849	183 612
Animal feeds	4 950	3 925
Auctioneer's commission	21 955	-
Bank charges	1,152 469	1,066 137
Communication policy/Manual formulation	9 964	-
Compensation payments	2 821 749	3 487 359
Consumables (materials and stores)	124 738	303 729
Contribution to Ongwediva Mayoral Fund	6 667	20 000
Co-operation agreement activities	1 410	78 240
Expo participation	41 573	8 696
Fair value loss on investment: Ongwediva Medipark		
Investments (Pty) Ltd	34 927	-
Firefighting foam	7 935	-
Fuel and oil	665 940	437 822
Functions	70 464	37 421
Healthy city	49 499	90 727
Incidental expenses	25 311	40 082
Insecticides	4 854	3 751

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>26. General expenses (Continued)</b>		
Insurance	323 264	300 000
Legal expenses	423 435	225 115
Marketing and publicity	59 311	34 273
Municipal association contributions	64 000	60 900
Ongwediva Junior Council activities	5 304	46 533
Postage and telephone	425 663	618 671
Printing and stationery	492 018	415 182
Rate contribution to Oshana Regional Council	2 035 111	2 016 893
Refreshments and entertainment	60 378	56 443
Security	1 098 869	796 982
SME skills development	-	9 130
Senior Citizen rebates	562 023	448 663
Social programmes and development	1 327 164	1 215 165
Subsistence and travelling	372 165	119 706
Town planning and land survey	246 816	217 394
Training and development	324 006	71 700
Utility services	3 954 897	3 653 640
<b>27. Net assets/equity and accumulated surplus</b>	<b>60 019 210</b>	<b>46 883 412</b>
Capital Development Fund	42 618 457	28 973 387
Social Housing Fund	2 537 191	3 242 439
Build Together Fund	10 837 739	10 617 478
Ongwediva Trade Fair Centre Fund	3 951 484	3 976 155
Ongwediva Mayoral Fund	74 339	73 953
Accumulated surplus	242 882 304	246 394 524
<b>Net assets/equity</b>	<b>302 901 514</b>	<b>293 277 936</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

**27. Net assets/equity and accumulated surplus (continued)**

**Reconciliation of net assets - 2023**

Fund/Accumulated surplus	Opening	Receipts/ temporary	Surplus for	Appropriations	Closing
	balance N\$	advances N\$	the year N\$	N\$	balance N\$
Capital Development Fund	28 973 387	13 645 070	-	-	42 618 457
Social Housing Fund	3 242 439	(705 248)	-	-	2 537 191
Build Together Fund	10 617 478	220 261	-	-	10 837 739
Ongwediva Trade Fair Centre Fund	3 976 155	(24 671)	-	-	3 951 484
Ongwediva Mayoral Fund	73 953	386	-	-	74 339
<b>Total reserves</b>	<b>46 883 412</b>	<b>13,135,798</b>	-	-	<b>60 019 210</b>
Accumulated surplus	246 402 843	-	10 545 853	998 989 854	1 255 938 550
<b>Net assets/equity</b>	<b>293 286 255</b>	<b>13 135 798</b>	<b>10 545 853</b>	<b>998 989 854</b>	<b>1 315 957 760</b>

**TOWN COUNCIL OF ONGWEDIYA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE (continued)**

**27. Net assets/equity and accumulated surplus (continued)**

**Reconciliation of net assets - 2022**

Fund/Accumulated surplus	Opening	Receipts/ temporary	Payments	Surplus for	Appropriations	Closing
	balance	advances		the year		balance
	N\$	N\$	N\$	N\$	N\$	N\$
Capital Development Fund	28 973 387	-	-	-	-	28 973 387
Social Housing Fund	3 014 437	228 081	(106 079)	-	-	3 242 439
Build Together Fund	10 429 761	261 119	(73 402)	-	-	10 617 478
Ongwediya Trade Fair Centre Fund	3 950 207	1 100 222	(1 074 274)	-	-	3 976 155
Ongwediya Mayoral Fund	5 000	70 133	(1 180)	-	-	73 953
<b>Total reserves</b>	<b>46 372 792</b>	<b>1 659 555</b>	<b>(1 254 935)</b>	<b>-</b>	<b>-</b>	<b>46 883 412</b>
Accumulated surplus	202 706 901	-	-	12 029 736	31 657 887	246 394 524
<b>Net assets/equity</b>	<b>249 079 693</b>	<b>1 659 555</b>	<b>(1 254 935)</b>	<b>12 029 736</b>	<b>31 657 887</b>	<b>293 277 936</b>

**ANNEXURE F**

**TOWN COUNCIL OF ONGWEDIVA**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

**(continued)**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>28. Adjustments to the appropriation account</b>		
<b>29.</b>	<b>998 989 854</b>	<b>31 657 887</b>
Corrections – net expenditure	1 024 195	(90 995)
<b>Cas</b> Corrections – net revenue	-	47 281
<b>h</b> Correction of previous year debtors	(414 000)	(172 678)
<b>gen</b> VAT correction	-	328 190
<b>erat</b> Fair gain value in equity investments in associates	-	31 546 089
<b>ed</b> Adjustment: Capital Development Fund	(13 645 070)	-
<b>fro</b> Adjustment: Mayoral Fund	(6 392)	-
<b>m</b> Prior year provision for severance pay	(5 047 993)	-
<b>ope</b> Adjustment on land inventory	333 839 260	-
<b>rati</b> Adjustment on townlands	353 666 500	-
<b>ons</b> Adjustment on land	318 731 785	-
Adjustment on accumulated depreciation: Land	4 022 869	-
Surplus for the year	10 545 853	12 038 055
Adjusted for:		
Net adjustments to appropriation account	998 989 854	31 657 887
Depreciation	14 296 194	13 955 588
	<b>1 023 831 901</b>	<b>57 651 530</b>
<b>Working capital adjustments:</b>		
Increase in inventories	(333 648 661)	(37 357)
Decrease (increase) in trade and other receivables	2 171 896	3 137 987
Increase/(decrease) in trade and other payables	(1 801 169)	(4 679 983)
Increase/(decrease) in provisions	5 490 021	(62 064)
Increase in fund accounts	13 135 799	510 619
	<b>709 179 786</b>	<b>56 520 732</b>

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**(continued)**

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**30. Taxation**

Ongwediva Town Council is a local authority and is exempted from paying income tax. It charges Valued Added Tax (VAT) on taxable supplies and pays or claims net VAT to or from NamRA as per Value Added Tax Act 10, 2000 (Act No, 10 of 2000), as amended. VAT is payable in terms of section 7 of the Value Added Tax Act 10, 2000 (Act No, 10 of 2000), as amended. VAT is payable or receivable on receipt of an invoice of payment whichever is earlier. VAT receivable amounted to N\$ 1 353 247 (2022: N\$ 2 653 340) at the end of the year under review (refer to note 3).

**31. Auditors' remuneration**

Ongwediva Town Council is currently exempted from paying audit fees by the Auditor-General to allow the Council to invest such fees in capacitating key staff members in the finance department with regard to the preparation of financial statements. The return on investment of such exemption is clearly reflected not in the preparation of annual financial statements without contracting external expertise but also on all processes pertaining to both financial transactions and non-financial matters.



# ANNEXURE F

## TOWN COUNCIL OF ONGWEDIVA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

(continued)

		Debt instrument at amortized cost	Financial liabilities at amortized cost	Total
		N\$	N\$	N\$
<b>32. Categories of financial instruments - 2023</b>				
		Note		
<b>Current Assets</b>			<b>98 988 004</b>	<b>- 98 988 004</b>
Trade and other receivables from exchange transactions	3	10 630 197	-	10 630 197
Trade and other receivables from non-exchange transactions	3	7 825 207	-	7 825 207
Cash and cash equivalents	5	80 532 540	-	80 532 540
<b>Liabilities</b>			<b>- 13 744 029</b>	<b>13 744 029</b>
Trade and other liabilities from exchange transactions	9	-	11 243 092	11 243 092
Refundable deposits	10	-	2 500 937	2 500 937
		Debt instrument at amortized cost	Financial liabilities at amortized cost	Total
		N\$	N\$	N\$
<b>32. Categories of financial instruments - 2022</b>				
		Note		
<b>Current Assets</b>			<b>83 550 643</b>	<b>- 83 550 643</b>
Trade and other receivables from exchange transactions	3	11 363 350	-	11 363 350
Trade and other receivables from non-exchange transactions	3	9 263 950	-	9 263 950
Cash and cash equivalents	5	62 923 343	-	62 923 343
<b>Liabilities</b>			<b>- 15,271,393</b>	<b>15,271,393</b>
Trade and other liabilities from exchange transactions	9	-	13 044 261	13 044 261
Refundable deposits	10	-	2 227 132	2 227 132

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**33. Related parties (Councilors)**

	<b>Basic Allowance</b>	<b>Cell phone allowance</b>	<b>Total allowance</b>
	N\$	N\$	N\$
Mayor	77 500	12 000	89 500
Deputy Mayor	69 756	7 200	76 956
Chairperson of Management Committee	72 332	8 400	80 732
Members of Management Committee	134 330	-	134 330
Members of Council	129 168	-	129 168
<b>Total allowances of Councillors</b>	<b>483 086</b>	<b>27 600</b>	<b>510 686</b>

Ongwediva has seven (7) Local Authority Councilors in accordance with the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. Councilors' basic and cell phone allowances are determined by the Minister of Urban and Rural Development in terms of section 18 (1) and (2) of the Local Authorities Act 23, 1992 (Act No. 23 of 1992), as amended. No sitting allowances are paid to Councillors. Councilors may utilize Council transportation and information communication technology facilities when engaged in official duties.

**Members of the executive and senior management**

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Mr. Damian E. Egumbo	Chief Executive Officer (CEO)	Namibian
Ms. Rebekka N. Hidulika	Senior Manager: E/Development & C/Services	Namibian
Mr. David Mulokoshi	Senior Manager: Planning & Technical Services	Namibian
Mr. Immanuel Nakale	Senior Manager: Finance & HR Administration	Namibian

The CEO has been appointed for a five-year term effective from 1 April 2020 to 31 March 2025. There has been no change in the executive and senior management during the year under review.

**ANNEXURE F**

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

**33. Related parties (continued)**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
<b>Remuneration costs of executive and senior management</b>	<b>4 245 015</b>	<b>4 067 555</b>
Employee related costs – basic salaries and wages	2 091 928	2 030 998
Bonuses - 13th cheques	174 327	169 250
Vehicle and transport allowances	379 347	306 535
Housing benefits	825 047	812 399
Employee related costs - Contributions to Medical Aid	272 881	262 418
Employee related costs - Contributions to Pension Fund	451 396	440 727
Employee related costs - Contributions to SSC	3 888	3 888
Standby allowances	3 000	2 400
Cell phone allowances	43 200	43 200
Contributions to accumulated leave days	-	(4 261)

**Amounts included in the trade and other receivables regarding related parties**

Government Ministries	3 271 968	3 919 923
Rural Development Centre (RDC)	-	7 312
University of Namibia (UNAM)	695 725	633 255
Namibia Water Corporation (Namwater)	35 291	24,904
National Housing Enterprise (NHE)	-	21 163
Namibia Power Corporation (Nampower)	22 248	21,824
Roads Authority	939 104	12 610
Agro-Marketing & Trade Agency (AMTA)	-	12,448
Ongwediva Medi Park	108 698	74 336
Valombola Vocational Training Centre	-	472 122
Namibia Industrial Development Agency (NIDA)	953 883	979 196
NORED Electricity (Pty) Ltd	621 102	591 734
Namibia Fish Consumption Trust (NFCT)	-	6 438
Staff PAYE advance	23 065	-

**TOWN COUNCIL OF ONGWEDIVA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(continued)**

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**33. Related parties (continued)**

**Amounts included in the trade and other payables regarding related parties**

	<b>2023</b>	<b>2022</b>
	N\$	N\$
Namibia Water Corporation (Namwater)	(2 079 947)	(2 584 298)
NORED Electricity (Pty) Ltd	(323 223)	(414 722)
Telecom Namibia	(22 084)	(19 821)
Namibia Post (Nampost)	(4 570)	(26 961)
Namibia Mobile Telecommunication (MTC)	(1 482)	(3 734)
New Era	(6 900)	(17 940)
Oshana Regional Council	(511 519)	-
Sam Nujoma Multi-Purpose Centre (SNMPC)	(118 482)	(111 097)
University of Namibia (UNAM)	-	(21 755)
Valombola Vocational Training Centre (VVTC)	-	(156 358)
Ongwediva Medipark	-	24 815

Trade and other receivables are unsecured and are collected using the same credit control policy applicable to all other customers. Similarly, the principle applicable to all other customers when providing for doubtful debts is applied to related parties' accounts receivable. The above entities are considered related parties because of the common shareholder's significant influence over them or the ability to direct.